

Fighting the U.S. Deficit: Domestic Demand Is Called Key

On Friday, the United States announced more good trade figures, with the monthly deficit rising only modestly to \$10.93 billion in May. Earlier last week, the chairman of the Federal Reserve Board, Alan Greenspan, warned that inflation was now the main danger facing the U.S. economy and suggested that interest rates might have to rise further. Reginald Dale, the International Herald Tribune's economics correspondent, talked with C. Fred Bergsten, director of the Washington-based Institute for International Economics, who has worked for both Republican and Democratic administrations.

Q. Is the U.S. deficit really declining enough to adjust the world's economic imbalances?
A. The trade deficit is clearly declining and will continue to decline through 1988 and 1989 as well. The problem is that no existing model shows the deficit ever getting below \$100 billion at current exchange rates and with current national policies. So the adjustment process is

working, but extensive further actions will be needed.
Q. What actions?
A. The main additional actions needed now relate to internal demand in the United States and faster economic growth in Europe. The main requirement is to limit the growth of domestic demand in the United States, mainly consumption, in order to free up sufficient resources to improve the trade balance. If that is done, I do not see a need for a substantial further decline in the dollar, although the run-up that has occurred in 1988 will need to be reversed.

Q. Do you agree with Mr. Greenspan about the dangers of inflation, now that the U.S. economy is running so close to its capacity limits?
A. Domestic and international considerations now point in precisely the same direction for American economic policy. A dampening of the growth of domestic demand is needed both to achieve the necessary improvement in the trade balance and to avoid the risk of renewed

inflation. It is extremely peculiar to have a budget deficit still running at 3.5 percent of gross national product with the economy so near to full employment.
Q. Does that mean there should be further increases in interest rates?
A. A far preferable course would be a significant cut in the budget deficit to restrain domestic growth through fiscal rather than monetary policy. Higher interest rates discourage the investment needed to expand export capacity and could push the dollar higher when it needs to go lower.

Q. Is the recent strength of the dollar threatening to reverse the decline in the trade deficit next year?
A. If this year's dollar rise were sustained, it would worsen the trade balance by at least another \$25 billion by 1990 or so. Under those circumstances, the external deficit would probably never get down even to \$100 billion.

Q. Do you think that will happen, that the dollar will go on rising?
A. The fundamental pressures on the dollar are still downward. The central banks are letting the dollar rise primarily to reduce the risk of a sharp decline prior

to the U.S. elections in November and before the time has come when the United States can begin to attack its budget deficit seriously.
Q. Will the strong dollar, and the recent strength of the economy, help the election campaign of Vice President George Bush?
A. If the dollar holds and inflation remains as modest as it is now, the economy should continue to look good through the election.

Q. Do you think Mr. Greenspan is taking a politically neutral line in the run-up to the election?
A. Chairman Greenspan is operating completely independently of the political process. He is clearly indicating his concern over a renewal of inflationary pressures and the determination of the Fed to head them off if necessary, regardless of the timing of the election.

Q. Isn't the United States really only postponing tackling its economic problems until after the elections?
A. The unfortunate reality is that the United States cannot address its major adjustment problem, namely its internal budget deficit, until after the new admin-

istration and Congress take office. I believe they must deal decisively with the budget deficit in their first few months or risk a collapse of confidence in the dollar, as the world would then anticipate four more years of huge twin deficits.
Q. Do you think that the new administration will take a tougher line with America's trade partners?
A. Any new administration will continue to take a tough line on trade issues. But it is also likely that the new administration will mount a major attack on the budget deficit and will thereby reduce protectionist pressures. That will improve the climate for trade liberalization and the current round of international trade negotiations.

Q. Do you agree with those who say that the new administration, whether it is Democrat or Republican, will step up government aid to U.S. industry to help it compete with Japan?
A. In the light of the country's budget problems, I do not see any significant increase in aid to industry. A successful attack on the trade deficit, through cutting the budget deficit, would substantially reduce pressures in that direction.

WORLD BRIEFS

Armenians Call Off General Strike

MOSCOW (Reuters) — Armenians decided Sunday to call off a general strike just before a crucial Kremlin meeting on the disputed Nagorno-Karabakh Autonomous Region. The strike was ended for "tactical reasons," but the Armenians say that their demands for the enclave in Azerbaijan, the Soviet leader, is scheduled to attend a meeting of the Presidium of the Supreme Soviet, the nominal parliament, on Monday to review the crisis. Armenian activists apparently concluded it would be tactical for them to be at work on that day. The general strike was announced on the first weekend in July to back demands by the Nagorno-Karabakh governing council that the enclave become part of Armenia. There have been mass rallies in Yerevan almost daily since then.

Israeli Kills Arab in Fight for Gun

TEL AVIV (Reuters) — An Israeli soldier shot and killed a Palestinian who tried to wrest away his rifle on Sunday in a Tel Aviv suburb, the Israeli police reported. It was the first killing of an Arab inside Israel since disorders began in the occupied territories in December. The police said the soldier, Yossi Hadasi, 18, shot a West Bank resident in the chest when three Arabs tried to take away his M-16 rifle at a bus stop in Petah Tikva, east of Tel Aviv. The identity of the slain man was withheld by the Israeli police, but Palestinian sources named him as Salim Mahzoul, 21, from the village of Jit near Tulkarem.

Scientist Assails Soviet Achievements

WASHINGTON (Reuters) — A leading Soviet scientist has delivered a scathing indictment of Soviet science, saying that it had failed to live up to world standards. The scientist's remarks, from an article made public Sunday, appeared to contradict decades of official Soviet policy in which scientific achievements were cited as the pride of the system. "Soviet science has suffered deep and still bleeding wounds from ill-conceived government policies," said Ronald Z. Sagdeyev, director of the Soviet Space Research Institute. "Today, although the Soviet Union has one of the world's largest scientific work forces, it has only a modest record of achievements and is contributing too little to the world's scientific knowledge." Mr. Sagdeyev, who is also adviser to the Soviet leader, Mikhail S. Gorbachev, was writing "Issues in Science and Technology," a quarterly journal published by the U.S. National Academy of Sciences.

Among Mr. Sagdeyev's complaints were that he described as stifling restrictions on the movement of scientists both at home, where housing shortages keep many from science centers around Moscow, and abroad, where isolationist bureaucrats spurn international cooperation.

Communists Make Offer to Manila

MANILA (AP) — A guerrilla commander said Sunday that Communist rebels were willing to open peace talks with President Corason C. Aquino's government in a bid to bring peace to the Philippines. The commander, Gregorio Rosal, also accused the military of sabotaging reconciliation efforts by both the rebels and the government. But Mr. Rosal, the spokesman of the Meliton Gior command of the New People's Army rebels operating in the southern part of the main Luzon island, said the offer must not be taken by the government as an act of surrender. The New People's Army, the armed wing of the outlawed Communist Party of the Philippines, made the statement in a tape-recorded message sent to news agencies. The 25,000-member New People's Army has been waging a guerrilla war for 19 years to establish a Marxist state.

After Protests, Pakistan Halts Most Arms to Afghan Rebels

By David B. Ottaway
Washington Post Service
WASHINGTON — Pakistan has halted deliveries to the Afghan guerrillas of almost all types of U.S. weapons, according to administration officials. The halt, which was with Washington's approval, came after intense Soviet and United Nations pressure. The U.S. officials told of a "significant reduction" since mid-June in the movement of weapons across the border from Pakistan into Afghanistan. They said little other than small arms and ammunition was now reaching the guerrilla forces. There has been an almost total halt in deliveries of U.S.-made Stinger anti-aircraft missiles and weapons like mortars, they said. The Pakistani decision came after the Reagan administration had urged cooperation with UN attempts to insure fulfillment of the peace accords, which were signed

April 14 in Geneva by the Soviet Union, the United States, Pakistan and Afghanistan. "The Pakistanis are trying to be cooperative" with the UN Good Offices Mission in Afghanistan and Pakistan, a U.S. official said. "We told them they have a commitment to meet."

The decision also came after Soviet officials complained bitterly about Pakistani and U.S. violations of the accords, and threatened to slow the withdrawal of the 100,000 to 115,000 Soviet troops in Afghanistan. As of late June, 23,000 had left, according to Soviet officials. Some U.S. officials have expressed concern that the Soviet Union might not meet its announced interim goal of a 50 percent reduction by Aug. 15 because of reported guerrilla attacks on their withdrawing forces. The administration regards the 50 percent mark as the point of no return for a total pullout. The accords provide for withdrawal of all the Soviet troops by Feb. 15, although Moscow has said it expects to complete the process by Dec. 31.

The accords also stipulate an end to outside interference in Afghanistan's internal affairs and an end to the support by Pakistani, the United States and others. The UN Good Offices Mission, a 50-member team of observers from several nations, was established to monitor the accords. At the time of the signing, however, the United States and Paki-

stan reserved the right to continue supplying the guerrillas if Moscow continued arming government forces. Nonetheless, the administration agreed to act as "a guarantor" of the accords. A UN undersecretary-general, Diego Cordovez, who has just returned from a round of shuttle diplomacy between Kabul and Islamabad, said Pakistan and Afghanistan had agreed to "turn the page" and to "start afresh" on carrying out the accords. "I have received from the governments of Pakistan and Afghanistan very categorical and unmistakable assurances of their determination to carry out fully and in good faith the obligations set out in the Geneva accords," he said.

Such an interim government would comprise "Afghans of recognized independence and impartiality" chosen by both sides. Its main purpose would be to prepare a *loya jirga*, a meeting of all Afghan leaders, by March 1 to form a new government. Neither side has expressed interest in such an interim neutral government, U.S. officials said. As of July 12, the Kabul government had filed 46 memorandums with the UN oversight mission accusing Pakistan of at least 250 violations of the accords, which formally took effect May 15. The reported violations concerned transit of weapons and armed groups into Afghanistan from Pakistan. It was not immediately clear what impact the arms cutoff might

have on the guerrillas and their intended offensive to seize several major provincial centers and bring about the downfall of the pro-Soviet government. The rebels have recently suffered several setbacks on the ground, failing to take garrisons and towns they singled out or being forced to withdraw from several after initially having seized control. Statements by several guerrilla leaders in April that they would have control by June of Jalalabad or Kandahar, two major provincial capitals, proved over-ambitious. U.S. officials said the guerrillas were well supplied with arms and had captured a huge quantity of Soviet weapons from posts abandoned by the Afghan Army to the rebels since mid-April.

Iran Asks Help On Black Box
The Associated Press
NICOSIA — Iran said Sunday that it had asked the European Airbus consortium to help in the search for the black box flight recorder from the airliner that was shot down by a U.S. cruiser.

The Iranian news agency, IRNA, said that the request had been made through the French member of the consortium, Aerospatiale. The Airbus A-300 was shot down by the cruiser Vincennes on July 3, killing 290 people. The Pentagon said information gathered by the cruiser showed the plane had been descending in an "attack profile," but Iran said the plane was climbing. The black box could help determine the truth.

Iraqi Leader Renews Call for Peace

By Edward Cody
Washington Post Service
BAGHDAD — Riding high on a string of swift military victories, President Saddam Hussein of Iraq urged Iranian leaders Sunday to learn from their recent defeats and negotiate a comprehensive peace agreement to restore security to the Gulf. Mr. Hussein's appeal for peace talks was accompanied by a list of demands that Iraq has long insisted must be met before the war can

end. But the appeal appeared to be significant after a four-month campaign during which Iraqi forces in the southern Zubaidat region have seized the initiative on the battlefield. A military communiqué issued Sunday said that Iraqi soldiers had withdrawn from about 3,880 square kilometers (1,500 square miles) of territory seized last week in the southern Zubaidat region, including the town of Dehloran, about 30 kilometers (19 miles) inside Iran.

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In Soweto, South Africa, Zinzi Mandela modeled a pair of boxing gloves sent to her father, Nelson Mandela, by Mike Tyson, the heavyweight champion, for the jailed nationalist leader's birthday.

Mandela Fête Halted in Cape Town

CAPE TOWN (Reuters) — Riot policemen halted a music festival Sunday at the University of Cape Town that was being held to mark the 70th birthday, on Monday, of Nelson Mandela, the jailed black nationalist leader. No one was hurt. Police blocked at least three other music festivals in South Africa and banned several sporting events planned to commemorate the day. The Cape Town concert was hastily organized in defiance of a government ban on any event observing Mr. Mandela's birthday. Scores of policemen arrived about three hours after the concert started in a campus hall not far from Pollsmoor Prison, where Mr. Mandela is serving a life sentence for plotting to overthrow white rule. About 700 blacks and whites left the hall peacefully when told by a concert organizer that policemen had given them 10 minutes to leave.

For the Record

Three members of Egypt's Moslem fundamentalist Jihad, sentenced to life in prison in connection with the 1981 assassination of President Anwar Sadat, escaped from a Cairo prison on Sunday, police said. (UPI)

TRAVEL UPDATE

Avianca Workers Threaten Strike
BOGOTA (Reuters) — Employees of Avianca, the Colombian national airline, voted Saturday to go on an indefinite strike if management did not meet their demands for better wages and working conditions, a strike committee said. In a statement, the committee said it would decide Monday when to begin the strike, which would ground all 24 Avianca airliners, used on both domestic and international flights.

This Week's Holidays
Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:
MONDAY: Botswana, Puerto Rico, Saudi Arabia, Uruguay.
TUESDAY: Botswana, Nicaragua, Saudi Arabia.
WEDNESDAY: Colombia, Saudi Arabia.
THURSDAY: Belgium, Bhutan, Saudi Arabia.
FRIDAY: Kuwait, Poland, Saudi Arabia.
SATURDAY: Egypt, Kuwait, Lebanon, Libya, Saudi Arabia.
SUNDAY: Bahrain, Ecuador, Egypt, Iraq, Israel, Jordan, Kuwait, Lebanon, North Yemen, Pakistan, Saudi Arabia, Singapore, Sri Lanka, Turkey, Venezuela.
Source: Morgan Guaranty Trust Co., Reuters.

Correction

Due to the omission of a paragraph in the Saturday-Sunday Herald Tribune, an article on the work of Nicolas Poussin inaccurately left the sections of Poussin's "Venus and Adonis" in a landscape near Gröttafontaine and Everett B. Birch, respectively, belong to the Musée Fabre in Saturday-Sunday issue is another early Poussin, also titled "Venus and Adonis," acquired by the Kimbell Art Museum in 1985. The omitted paragraph referring to that painting read: It is on the basis of Clovis Whitfield's reconstruction that paintings such as another "Venus and Adonis," sold at Christie's in July 1984 for \$280,800 as part of the Cook collection, can now be recognized as autograph Poussin work. It is the Master of the Clumsy Children. Mr. Whitfield runs the Walpole Gallery in London.

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Gr. Britain £	135	38	74	32	41	25
Greece Dr.	25,000	47	14,000	41	7,700	35
Ireland Irl.	155	43	85	38	47	31
Italy Lire	400,000	39	220,000	33	121,000	26
Luxembourg L.Fr.	11,500	37	6,300	31	3,400	25
Netherlands Fl.	660	40	365	33	200	27
Norway (air) N.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) N.Kr.	2,500	24	1,400	15	700	15
Portugal Esc.	26,000	51	14,300	46	7,900	40
Spain (air) Ptas.	31,000	41	17,000	36	9,400	29
— (hd. del.) Ptas.	45,240	—	22,620	—	11,310	—
Sweden (air) S.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) S.Kr.	2,500	24	1,400	15	700	15
Switzerland S.Fr.	510	44	280	38	154	32
Rest of Europe, N. Africa, former Fr. Africa, Middle East \$	470	Varies by country	260	Varies by country	145	Varies by country
Rest of Africa, Gulf States, Asia \$	620	340	340	190	190	

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OLD BRIEFS

Armenians decided Sunday to call a crucial Kremlin meeting on the Caucasus Region. The strike was called by the Armenians say that their demands...

Arab in Fight for Gun — An Israeli soldier shot and killed a Palestinian in a Tel Aviv suburb...

Soviet Achievements — A leading Soviet scientist has been awarded the Lenin Prize for his work on the structure of DNA...

Make Offer to Manila — A peace negotiator said Sunday that he would offer to meet with President Corason...



Mandela modeled a pair of trousers for the United Nations...

Strikes Halted in Cape Town — A general strike in South Africa...

AVEL UPDATE — A Portuguese airliner skidded partly off the runway...

Frankfurt — A Portuguese airliner skidded partly off the runway...



LATER, NO DOUBT, HELL RETURN THIS PRESENT — John Matar spent much of his 46th birthday removing plastic 'peanuts' from his home in Chicago...

AMERICAN TOPICS

Putting More Style in L.A. Architecture

After decades of an anything-goes attitude, Los Angeles is beginning to get fussy about its architecture...

Short Takes

More and more grown children are living at home, the U.S. Census Bureau reports...

Notes About People

Attorney General Edwin Meese 34 says he will join the conservative Heritage Foundation...

Meese had been under investigation by a special prosecutor...

Meese had been under investigation by a special prosecutor over allegations of using his influence to help his friends...

Shultz Vows U.S. Aid to Democracy For Asians

By Don Oberdorfer — Secretary of State George P. Shultz, citing recent democratic successes in South Korea and the Philippines...

U.S. Is to Resume Processing Of Visas for Soviet Refugees

MOSCOW — The U.S. Embassy has announced that it will resume processing the applications of thousands of Soviets who were promised refugee status...

Opposition Chief In Mexico Urges 'Mobilization'

MEXICO CITY — Cuauhtémoc Cárdenas began a "national mobilization" against the Mexican government on Sunday with a rally of more than 200,000 people...

Contra Military Likely to Expand Role

By James LeMoyné — The top Nicaraguan rebel military commanders appear poised for the first time to take a direct and perhaps dominant role in the rebel political leadership...

In Peru, Shining Path Is Spreading Out

By Alan Riding — Long dismissed as an isolated band of violent fanatics, the Shining Path guerrillas of Peru have spread out from their Andean Mountain haven and are emerging as a growing urban political force...

Talks on Tabu to Resume

TEL AVIV — The United States will initiate a new round of negotiations between Israel and Egypt in their dispute over the Tabu Red Sea beachfront...

The new 1989 spring/summer fashion in Düsseldorf/West Germany. Collections Premieres Düsseldorf July 31 to Aug. 2, '88.

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INTERNATIONAL Herald Tribune

The Answers Are Urgent

The debate at the United Nations on the downed Iranian airliner is moving along constructively. Iran's delegate charged in alleging that this tragedy was "premeditated" and demanding that the United States be condemned for it.

Democrats in Unison?

Ever since the fires of '68 blazed into riot in Chicago, the Democratic Party has been beset by itself, split between liberals and conservatives. Michael Dukakis and a third for victory seemed to unify the party, and he furthered the cause last week by choosing Lloyd Bentsen to run with him.

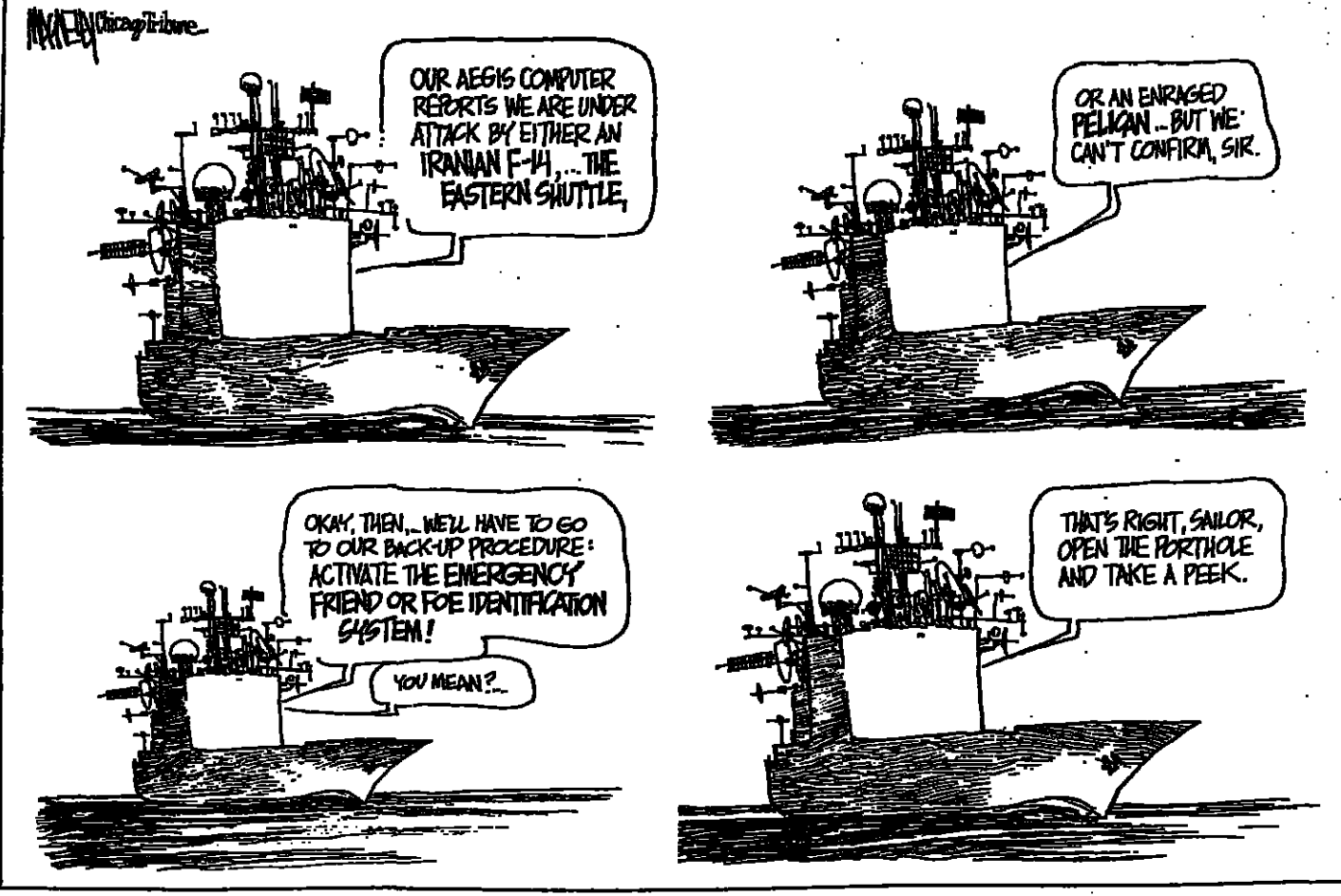
Helping Latin Democracy

Two months ago, President Vinicio Cerezo of Guatemala survived a coup attempt, solidifying his support among the military high command. Mr. Cerezo, well into his third year in office, is within sight of a key goal: to be the first democratically elected civilian to complete a presidential term since the U.S.-sponsored coup in 1954.

Other Comment

Reasons to Release Mandela Nelson Mandela is 70 years old [on July 18]. Convicted of sabotage in 1964 when he was already in jail on lesser charges, he has now spent more than 25 years in prison, and appeals for his release from many world leaders have been ignored.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1978-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen



The Socialist Model Is Proving Hard to Reform

BOSTON — During a visit to the Soviet Union and China in May and June, we were struck by the widespread disillusionment with economic reforms. The bitterness is similar but the reasons for it are very different.

Holocaust: A Response to the Pope

NEW YORK — During his recent visit to the former concentration camp at Mauthausen, John Paul II addressed the victims of the infamous death camp. "Speak for you have the right to do so, you who have suffered and lost your lives, and we shall listen to your testimony."

American Voters Are Feeling Serious

WASHINGTON — Tall and thin, with hair silver-gray like the patina of old family furniture, and benefiting from the best tailors in American politics, Lloyd Bentsen looks more than ever like a pewter statue of Bourgeois Virtue.

OPINION The World Isn't Going To Sit Still

By Flora Lewis ATLANTA — Short of some startling event, the prospects are that foreign policy will not be a significant issue in the American campaign. Major governments, the Soviet Union as well as allies, are unusually relaxed as they anticipate a new U.S. administration.

100, 75 AND 50 YEARS AGO

1888: Anarchist Bombs NEW YORK — The police of Chicago to-day [July 17] made a raid upon a suspected house, and discovered twelve dynamite bombs. Three were arrested. Police-Inspector Benfield states that this discovery is connected with a conspiracy of long standing against Judge Gary.

East Bloc... Talks Plan... Arms... Talks... Cuts Endorsed... Jackson... Officials... Experts... NATO... UN... In the G... In Septe... The eyes of... will be... the Seoul... And they... about the... in the... Interna... Herald T... During the Seoul... the International Herald... the space it allocates to... publish a special advert... Asian editions. 10,000 a... each day will be distrib... the games. Take advan... important advertising... IHT. For more inform...

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The World Isn't Going To Sit Still

By Flora Lewis

ATLANTA — Short of some dramatic event, the prospect of a foreign policy will not be a significant issue in the American campaign for governments, the Soviet Union as well as allies, are unusually reluctant to anticipate a new U.S. administration. Despite Republican campaign promises, the administration's main policy lines have been on the charge of drastically reducing the size of the military...

East Bloc Sets Plan On Arms

Multilateral Talks On Cuts Endorsed

By Jackson Diehl

Washington Post Service

WARSAW — Leaders of the Soviet-led Warsaw Pact have called for multilateral talks this year on the reduction of conventional arms in Europe and separate negotiations on the elimination of short-range nuclear weapons from the region.

Concluding a two-day summit conference on Saturday in Warsaw, the seven-nation alliance also formally endorsed a platform of proposals on conventional arms reduction that the Soviet leader, Mikhail S. Gorbachev, presented to President Ronald Reagan at their meeting in Moscow in May.

The East bloc leaders stopped short, however, of formalizing several mutual security proposals made by Mr. Gorbachev earlier last week and of declaring a withdrawal of Soviet troops from Hungary, as had been expected by U.S. officials.

Three conferences emerged from the conference, but none mentioned Mr. Gorbachev's suggestion for a pan-European conference on conventional arms reductions, or his offer to cut Soviet aircraft deployed in Eastern Europe if the North Atlantic Treaty Organization canceled its planned redeployment of 72 U.S. F-16 fighter planes from Spain to Italy.

Polish officials said the idea of a withdrawal of 65,000 Soviet troops from Hungary, which had been publicly supported in recent statements by senior Hungarian officials, was not even discussed at the session, although there was a general discussion about eventual reductions in the number of Warsaw Pact troops.



Nicolae Ceausescu, the Romanian leader, left, toasting Karoly Grosz, the Hungarian leader, at the Warsaw Pact meeting in Warsaw. In background at right is Erich Honecker, the East German leader.

The lack of new initiatives by the Warsaw Pact meeting could strengthen speculation about growing differences among East bloc leaders on both domestic and foreign policy. Romania, which has seemed lukewarm about Soviet arms control proposals, is also engaged in an open feud with Hungary over treatment of the Hungarian minority population in Romanian-ruled Transylvania.

The plan for conventional arms reductions adopted by the pact calls for talks involving NATO, the Warsaw Pact and other European countries. It says the first step should be the elimination of "asymmetries" or imbalances, between the conventional forces of East and West so that both have approximately the same strength in troops and arms.

The second step is for a reduction by NATO and the Warsaw Pact of 25 percent of their forces, or about 500,000 men each. Simultaneously, the two sides would create "low-armament zones" along their front lines to reduce the possibility of surprise attack.

The pact proposal also calls for the exchange of detailed information on the forces and weapons now deployed by each side even before talks begin. This information, it says, is needed for agreement on the elimination of imbalances and could be checked by site inspections.

Mr. Nowak also said the East bloc leaders had agreed to move forward on Mr. Gorbachev's most recent arms proposals but had not yet adopted them. "They need to be elaborated in detail first," he said.

Paris-Athens Talks Begin Amid a Feud

By Reuters

ATHENS — The French foreign minister arrived here Sunday for talks with his Greek counterpart amid attempts to defuse a diplomatic dispute over Greek accusations that a young Frenchman was among guerrillas who attacked a tourist ship.

Laurent Vigneron, 23, one of nine persons killed in the assault July 11 on the Greek ship City of Poros, has been officially identified by Greece as one of the gunmen.

France has said it has seen nothing to substantiate the charge. It is the second time that Greece has accused a French national of involvement in the attack.

The talks between Foreign Ministers Roland Dumas of France and Karolos Papoulias of Greece had been planned before the attack. On Saturday, Mr. Dumas played down the dispute.

"We must take into account the inherent difficulties of the inquiry," he said in a French radio interview. "It is a very delicate investigation."

"Obviously there have been fresh contradictions," he added. "I expect to get to know more in order to form an opinion."

A Greek government spokesman said Yannis Kapsis, the deputy foreign minister, presented new elements at a meeting Saturday with Ambassador François Plaisant of France. He gave no details.

A French Embassy spokesman said nothing new had emerged at the meeting.

The terrorists' motive and the identity of their group have not been established.

Greek authorities initially had said another French victim, Isabelle Bismuth, 21, was among the guerrillas. It is now accepted that she was an innocent tourist.

Meanwhile, police sources said Sunday that police were hunting a man who they believe masterminded the attack. The man, identified as Hatzab Jaballah, disappeared after renting a car Monday, hours before two persons believed members of the guerrilla group died in an explosion.

Four hours after the blast, another team launched the attack on the ship.

The sources said that the police, searching Mr. Jaballah's hotel room, found traces of the plastic explosives that went off in a car parked at the ship's home marina.

Police have not ruled out the possibility that Mr. Jaballah was one of those in the car, but are working on the assumption he is alive. The car rented by Mr. Jaballah was not the one in the explosion, the sources said.

SOVIET: Moscow, in Thaw, Expanding Tokyo Ties

(Continued from Page 1)

Japan should be shaped and what benefits would derive from it.

Two weeks ago for instance, officials of the National Committee for Asia-Pacific Economic Cooperation, which is part of the Soviet Academy of Sciences, said they would be willing to discuss the status of the northern islands at a symposium with Japanese researchers. The symposium begins here this week.

The question will also be raised in meetings between visiting Soviet Communist Party officials and representatives of the Japan Socialist Party, according to Japanese political sources.

Although both of these channels are non-governmental, they represent the first occasions when Soviet representatives have acknowledged Japan's claims as at least a legitimate point for debate.

Mr. Gorbachev has used similar contacts in recent months. Over the weekend, it was disclosed that he is to meet with a former prime minister, Yasuhiro Nakasone, later this week. Although Mr. Nakasone will visit Moscow in a private capacity, he is being accompanied by the Foreign Ministry's specialist on the Soviet Union.

Attention is also being focused on the annual session of the UN General Assembly this fall, when the Soviet and Japanese foreign ministers, Eduard A. Shevardnadze and Sosuke Uno, are to hold private talks in preparation for a visit to Tokyo by Mr. Shevardnadze.

Moscow's new interest in unblocking ties with Japan coincides with increasing international recognition of the northern islands as a global issue.

President Ronald Reagan raised the sovereignty question in his summit talks with Mr. Gorbachev, and it was discussed at the gathering of Western leaders in Toronto in June.

In addition, Mr. Gorbachev is seen as increasingly eager to derive concrete benefits from his Vladivostok initiative. Among his most difficult challenges is the rebuilding of military and bureaucratic support for basic changes in policy on the region.

"Moscow has gone as far as it can with blue smoke and mirrors," said Robert A. Manning, a Washington consultant and author of a new study of Soviet policy in Asia.

ardizing military installations along the Sea of Okhotsk, shielded by the Kurile chain.

Most potential solutions involve the return of two smaller islands and assurances that the two others would be either negotiated with Tokyo or demilitarized.

In outline, this is a modification of proposals advanced in 1956 but repudiated several years later by Andrei A. Gromyko, then the foreign minister.

Analysts say they believe that the present Soviet leadership can now consider such proposals, in part because of a gradual decline in the military significance of the Kuriles.

Steady progress in Chinese-Soviet relations, they add, is also lessening Moscow's need to maintain the military presence it built up in Asia in the 1960s and 1970s.

"These steps wouldn't cost much at this point," Mr. Manning said, "and they would help transform Japanese public opinion."

Like the Soviets, the Japanese have not altered their position on the Kuriles since the late 1950s.

But although demanding recognition of Japanese sovereignty over all four islands, officials say privately that Tokyo is prepared to bring a substantially more flexible approach to negotiations.

Officials in Tokyo are more willing to acknowledge that the territorial issue is largely a matter of political symbolism, through which they want Moscow to demonstrate its acceptance of the political and economic prominence Japan has achieved in recent years.

In effect, each side is now critical of the other for having missed opportunities that most advanced Western nations have taken advantage of.

"Perestroika will come to Asia," said a Japanese official who used the Russian term for Mr. Gorbachev's policy of "restructuring."

But Mr. Gorbachev must first move his country beyond the old perceptions of Japan.

ESCORT: In the Gulf, the U.S. Navy Faces an Open-Ended Commitment

(Continued from Page 1)

mony just made public that "we are the big winners now in the Gulf," but his view is not universal within the military, far less in Congress. One of the next president's early decisions will involve which military advice to heed.

When the frigate Stark was hit, General Crist told the subcommittee, "They expected us to leave the Gulf."

When the reflagged Kuwaiti supertanker Bridgeton hit a mine on July 24, 1987, he said, "It was not really a big thing, but it became a big thing to the United States."

"I don't think anyone in the Arab world thought we would stay the course," he said. "I think they wanted us to, but I don't think they were completely convinced we would do so. As a result, we are the big winners now in the Gulf."

But another military leader said, "I'm getting tired of wearing out our navy to protect other nations' oil."

"We're already hurting," he added. "We've had to put off ship over-

haul; taken a carrier out of the Med [Mediterranean] when we're supposed to have two there under our NATO commitments. We've already reduced our commitments elsewhere to do the Gulf mission. How come we have to keep 30 ships in the Gulf when the Russians do their escorting with a couple of mine sweepers?"

Experience in the Gulf in the last year has demonstrated that U.S. forces have gaps in fighting little, or "low intensity," conflicts as distinguished from big, "high intensity" wars.

General Crist said he found that the navy had high-tech Aegis cruisers, like the Vincennes, to keep track of such high-intensity threats as Iran's anti-ship missiles and F-4 and F-14 fighter planes, but not the high-speed patrol boats needed to combat hit-and-run attacks on tankers by gunboats operated by Iran's Revolutionary Guards.

General Crist told the subcommittee that when he took over command of U.S. forces in the Gulf, "I found to my surprise that we were deficient" in planes and helicopters that could find small boats in the dark and swoop down and sink them.

"We needed small helicopters, attack helicopters, made to kill tanks" to combat the small craft zipping around the Gulf, he said. The navy tried to base them on navy frigates, but "we hadn't designed the ships for that," he said.

The main alternative, which was not described in the declassified version of General Crist's secret testimony in February, consists of big floating platforms in the Gulf that U.S. Army OH-6 helicopters armed with machine guns and 2.75-inch rockets could use as airfields.

He conceded the military was caught flat-footed when it came to mine sweepers to clear the channels Iran had mined. But the old wood-hulled sweepers that were deployed to the region after mines blew up several ships "are performing beautifully," General Crist said. "They are finding the mines, and their effort can be sustained."

"A lot of these lessons are hitting home," General Crist said of U.S. military operations in the Gulf. "People are beginning to realize that we need to look more closely at this lower end of the conflict spectrum, that low-intensity conflict is not necessarily just in Latin America."

bles. We simply couldn't afford to build enough highways to handle that kind of traffic, it wouldn't be economically feasible."

But the Stau phenomenon is also rooted in a less rational area of the usually logical German psyche. Everyone knows that if he leaves for Yugoslavia on the first Saturday of a school holiday, there will be huge traffic jams to contend with. But people press on.

"They go anyway," said a retired journalist from the Bonn area. "It's slightly crazy. Your neighbor is packing the car and you ask him why he doesn't wait until Monday because he knows he's going into a traffic jam today. And he just stares off in the distance and says, 'But maybe I won't.'"

The police and automobile clubs put out endless advisories warning drivers where and how long the backups are, and suggesting alternative routes. Vacationers are urged to postpone their trip by a day or two. Almost no one listens.

The police and motor clubs try to control the situation once a backup has brought traffic to a crawl or a standstill. To relieve drivers' tensions, the radio broadcasts reports explaining what has caused the Stau and how long it will last.

The Bavarian police deploys nearly 10,000 officers on what it expects will be the worst weekends. In helicopters, cars and motorcycles, they try to keep traffic moving and drivers' tempers under control.

The Allgemeiner Deutscher Automobil-Club also has a squadron of about 60 Stauerbers, or traffic advisers, who circulate through the lines of cars on motorcycles, wearing bright yellow leathers. They tell drivers what the outlook is, offer toys and games to restless children and help with minor repairs. The Stauerbers, many of whom are women, are known as the "yellow angels" to motorists.

Many families relieve their tensions in a more traditional German way. They spread blankets on the roofs of their cars or repair to a roadside meadow, open the picnic basket and have a beer.

"I don't know who first said it," Mr. Metzger said, "but the traffic jam experience has become part of the German vacation tradition. If you don't sit in a Stau for a few hours, it just wasn't a holiday."

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GERMAN: Holiday in Slow Lane

(Continued from Page 1)

tem is statistically West Germany's safest highway, said Bernd Bialbeck, a spokesman for the Federal Traffic Ministry.

The ministry says it believes that the traffic jams are unavoidable.

The Stau is mainly an autobahn phenomenon, and it is partly structural in nature. The autobahn simply cannot accommodate the volume of cars pouring down from the north when schools and factories close for summer vacation.

"In a normal 24-hour period, about 60,000 or 70,000 cars travel on the Munich-Salzburg autobahn," Mr. Metzger said. "On school holiday weekends, that dou-

Lawyers Hail 11 Held by Cairo in Killing of Israelis

By Reuters

CAIRO — A lawyer defending members of an underground group reportedly responsible for killing Israelis in Cairo has told a court that the accused were heroes.

At a hearing on Saturday for 11 persons accused of being members of the clandestine group, Egypt's Revolution, another defense lawyer described the killing of Israeli agents as legal because Israel was a hostile nation.

"These men are heroes," said one of the lawyers, Ahmed Khawaja, at the hearing on an appeal for the defendants to be freed pending trial. "They are the sons of Egypt. They have raised guns against Israeli agents, against those who attack the Arabs, in order to defend our dignity and honour."

The 11 defendants are among 20 people accused of being members of the organization, which took responsibility for wounding an Israeli diplomat in 1984, killing an employee of the Israeli Embassy in March 1986. The group also took responsibility for the wounding of two U.S. embassy security officers in May 1987.

Seven of the 20 face prison sentences and were released on bail last month. Two others are being tried in their absence.

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THE DEMOCRATS IN ATLANTA: They lean to liberalism, but that may have little impact on the convention or on their public image.

Poll Finds Democratic Delegates to Left of Voters

By Andrew Rosenthal
New York Times Service

ATLANTA — Delegates to the Democratic National Convention are more liberal and wealthier than the Democratic voters who sent them to Atlanta and the U.S. public in general, a New York Times survey shows. The delegates display enthusiastic support for positions such as combating drugs and controlling imports that the Reverend Jesse L. Jackson pushed long before they were championed by Michael S. Dukakis, the party's prospective presidential nominee. And they want to cut military spending, a position closer to Mr. Jackson's than to Mr. Dukakis's. Because Mr. Dukakis has more than enough delegates to assure himself the nomination and control the party's platform, the lean toward liberalism on the part of many delegates may have little impact on the convention or the image that the party attempts to present to the public in the campaign. In a year in which the Democratic Party is trying to woo back the voters who defected to Ronald Reagan in large numbers in 1980 and 1984, the delegates this year are more inclined than their predecessors to resist labeling themselves as liberals, despite the attitudes they showed in the survey. One example of this is their view on taxes. Sixty-five percent of the delegates said the party's platform should not talk about the

possibility of tax increases, just as Mr. Dukakis's representatives to those drafting the platform have insisted. Still, just about as many, 67 percent, said they thought a tax increase would be necessary in the next four years. Mr. Dukakis, who was one of the 1,059 delegates in the sample,

The days when the convention was a nearly all-white male club are gone — roughly half the delegates at Atlanta are women, and 21 percent are black.

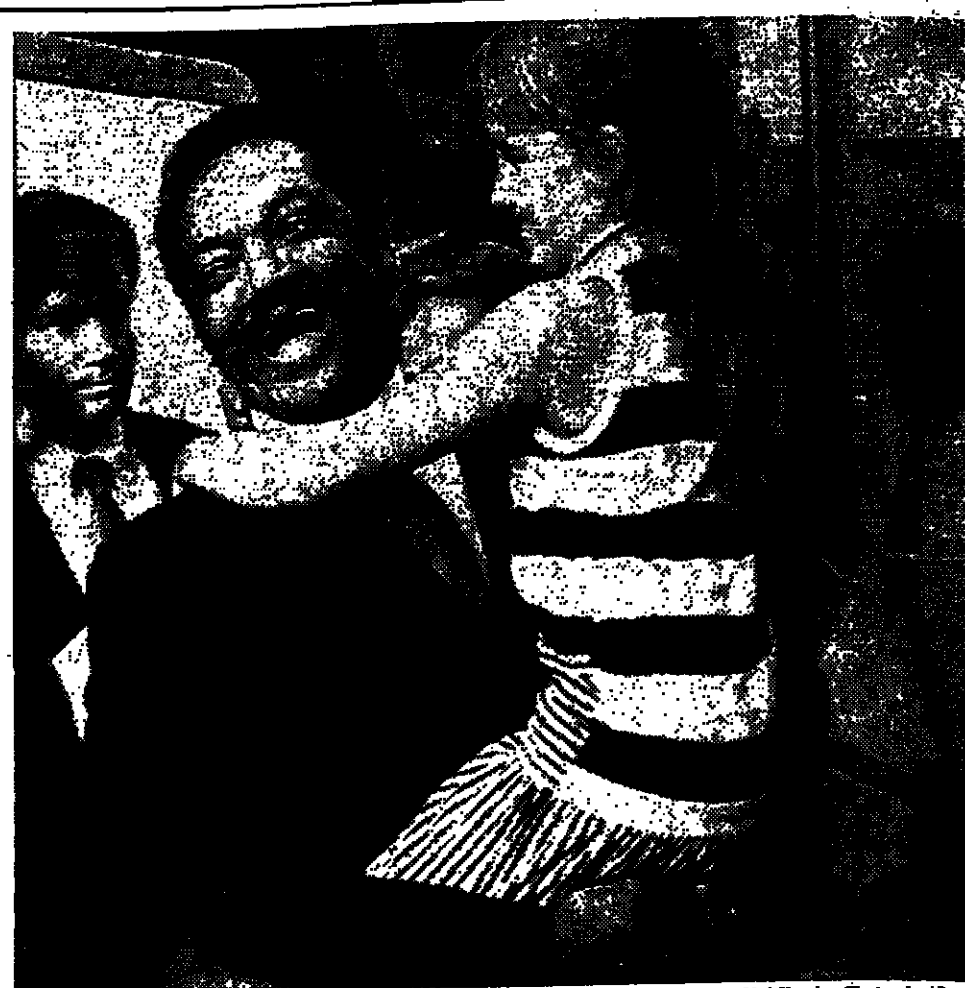
has said taxes could be raised as a "last resort." Even if the delegates seem to support some of Mr. Jackson's themes, the Dukakis campaign is confident that it has enough votes to keep the party platform general and thematic. Mr. Jackson still has only about 25 percent of the delegates to promote the specific, predominantly liberal planks that he wants in the platform.

To conduct the survey, the New York Times interviewed 1,059 of 4,203 delegates (who will cast both total and partial votes adding up to 4,162) from June 20 to July 12, including 330 of 672 delegates who were not elected in primaries or caucuses but are delegates by virtue of their elective offices or party posts. The margin of sampling error for

the entire group was plus or minus three percentage points. Sixteen years after the 1972 convention pressed to diversify what had been a nearly all-white male club, the poll found some consistencies — roughly half the delegates are men and half are women — and some

The delegates make considerably more money than average Americans; 56 percent of them said their family incomes last year were \$50,000 or higher, and 16 percent earned over \$100,000. Among Americans surveyed in the recent national polls, 78 percent said they earned under \$50,000 and 64 percent said they had a high school degree or less. The way the regular elected delegates describe themselves has significantly changed since 1984. Only 40 percent of them said they were liberals; in 1984, 52 percent called themselves liberals. According to the recent surveys, 27 percent of Democratic voters and only 20 percent of the general public said they were liberals. The Democratic delegates also disagree with the general public on military spending. Sixty-three percent said they favored a cut in spending — a stand that is rejected in the party's thematic draft platform — while 29 percent said it should stay the same. Among Americans in general, 49 percent said military spending should stay the same; 17 percent favored more spending, and 28 percent said they favored cuts. Forty-six percent of registered Democrats said military spending should remain at current levels; 36 percent said it should be cut, and 13 percent said they supported a spending increase.

striking disparities from the general population. For example, 6 percent of the delegates are Jewish, while only about 3 percent of the population and of registered Democrats nationally are Jewish. Twenty-one percent of those surveyed were black. Recent national New York Times surveys found that 21 percent of registered Democrats are black, but only 11 percent of the general public is black. But, continuing a long-established pattern, at least 77 percent of the Democratic delegates are white-collar workers, and only 3 percent are blue-collar workers. Union members, especially teachers and government workers, make up 23 percent of the delegates, and union officials 6 percent, the survey showed.



The Reverend Jesse L. Jackson arriving in Nashville, Tennessee, en route to Atlanta.

Wooing the Boys on the Bus
Jackson's Convention Caravan Seizes the Spotlight

By Gwen Ifill
Washington Post Service

ATLANTA — The car, shaped like a giant Oscar Meyer wiener, began to shadow us on the Interstate between Louisville and Nashville. It was an odd enough sight in itself, but the reason the car never passed the motorcycle became clear after a few miles, when the driver flashed a hand-lettered sign that said, "Go Jesse!" It was a rare moment of spontaneity in the rolling Jesse Jackson press circus that brought the candidate to Atlanta on Saturday. Mr. Jackson tried to invoke memories of freedom rides and civil rights marches along the route that followed in part the path General William Tecumseh Sherman took in his destructive march through Georgia during the Civil War. But the trip had more the feel of a loosely organized bright idea. Seven buses, six of them reserved for reporters from as far away as Japan and Australia, made up the bulk of the caravan. It was originally intended that the campaign would pick up delegates and supporters along the more than 700 miles (1,100 kilo-

meters) from Chicago to the Democratic Party's convention site in Atlanta. But the goal of picking up people along the way was tossed aside after the first stop. Mr. Jackson, it seemed, was having entirely too much fun entertaining the press. Everywhere on the route, local news helicopters showed up to document the journey. The major networks planned to have helicopters in the sky, broadcasting the progress of the motor-bus motorcycle as it neared Atlanta. Mr. Jackson was a walking media event last week, occupying more limelight than the party's prospective nominee, Governor Michael S. Dukakis of Massachusetts. Because of the fight that kept brewing between the two campaigns, his every statement seemed to warrant front-page attention and nightly television coverage. En route, images were everywhere. When the caravan left Chicago, for instance, dozens of cameras captured him and his wife, Jacqueline, waving goodbye from the steps of his luxury motor bus. What the cameras did not capture was that immediately after-

ward, Mrs. Jackson got off the bus and left her five children and a handful of aides to accompany their father to Atlanta. Another image came courtesy of Senator Albert Gore Jr. of Tennessee, himself a former presidential candidate and no stranger to campaign posturing. As an overflow crowd spilled into the street in front of Jefferson Street Missionary Baptist Church, in Nashville, Mr. Gore, ignoring scattered boos, called Mr. Jackson's campaign a "stepping stone toward hope." That, coupled with an initially awkward attempt at the classic, raised-armed victory pose, proved to work for Mr. Gore, who is not fondly regarded among Jackson supporters. "Jackson, Gore Stand United," a headline in the Nashville Tennessean said the next morning. As the bus trip unfolded, it was clear that at least some of Mr. Jackson's objectives had been achieved. A new button that appeared on lapels at stops along the way read, "I'm a Jesse-crat." As good an indication as any of Mr. Jackson's visions for the Democratic party.

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Bush Has Picked a Strange Time, Some Say, to Do the 'Fishing Thing'

By Gerald M. Boyd
New York Times Service

WASHINGTON — Sometimes presidential candidates just cannot seem to win. For weeks, Vice President George Bush has been pondering what to do when the Democratic National Convention convenes in Atlanta on Monday. That has always been a concern for the party that suddenly finds public attention directed to the opposition at convention time. Some advisers to the vice president have argued that etiquette dictated a low-key approach. But to others, this week looked like a golden opportunity for easy publicity, since news organizations would be seeking to balance the flood of stories about the Democrats with almost anything about Mr. Bush or his Republican Party.

oming, so remote that he will be traveling by helicopter to some areas, and the press will not be able to follow. The only scheduled guest is Treasury Secretary James A. Baker 3d, though some aides predict that Senator Alan K. Simpson, Republican of Wyoming, might turn up. The notion that the vice president, whose known outdoor activities run more to speedboating and tennis than to backpacking or fly-casting, is, as one aide said with deadpan expression recently, "going fishing," has been hard to sell. On Thursday, Mr. Bush's chief of staff, Craig L. Fuller, became defensive when reporters asked him about the plan, insisting that Mr. Bush deserved a vacation. To some aides, the timing of the wilderness jaunt could not be worse, and not just because of the missed opportunity to get on television. Their view is that the last few weeks have been good for Mr. Bush, who has been climbing in the

opinion polls and performing better as a candidate. The vice president has also been getting better in his speeches, long a problem area, especially for someone whose aide follows President Ronald Reagan's on the political card. One speech writer after another has looked on aghast as the vice president has destroyed some of his better-written lines by chaining sentences together with "ands," deviating from the text or failing to pause for effect. This is how it works on the stump with Mr. Bush: In a recent speech, he painted a vision of the United States as a land of opportunity and hope in which "the poorest of the poor have dreams." "I think a lot of parents would sum up this country and its dreams in eight words: 'My children will have it better than me,'" he said. But he could not leave it there and smoothly stepped on his message by adding, without a pause, "If you are a fanatic about grammar, 'better than I'."

Another habit, almost an addiction, has been his use of the word "thing." For example: "The blame-America-first crowd, out of that post-Vietnam thing," "the women thing," "the drought thing," "the vice presidential thing." But the George Bush model on display these days is forceful, at times humorous and even eloquent. For a candidate whose best laugh line has always been the one about how he has charisma, that change has been quite striking.

Schedule of Main Events

- Compiled by Our Staff From Dispatches
- ATLANTA — Following is a list of the main events scheduled this week at the Democratic National Convention. Each evening's agenda is set to take place between 5 P.M. and 11 P.M. Atlanta time, or 2200 GMT and 0400 GMT.
- MONDAY
- 2330 GMT: Convention opens under the chairmanship of Representative Jim Wright of Texas, speaker of the U.S. House of Representatives.
- 2345 GMT: Reports of Rules and Credentials Committees.
- 0125 GMT: Welcoming speech by Mayor Andrew Young of Atlanta.
- 0225 GMT: Ann Richards, the Texas state treasurer, gives the keynote address.
- 0310 GMT: Remarks by Paul G. Kirk Jr., party chairman
- 0330 GMT: Former President Jimmy Carter speaks.
- TUESDAY
- Consideration of party platform.
- Senator Edward M. Kennedy of Massachusetts speaks.
- Jesse L. Jackson speaks.
- WEDNESDAY
- Governor Michael S. Dukakis of Massachusetts is nominated for president.
- Mr. Jackson also is nominated.
- A roll-call vote is held for the presidential nomination.
- THURSDAY
- Nominations and roll-call votes are held for the vice presidential candidates.
- The vice presidential nominee speaks.
- The presidential nominee speaks.
- The convention adjourns.

Jimmy Carter Labels Bush As Effeminate

United Press International

ATLANTA — Former President Jimmy Carter said in an interview published Sunday that Vice President George Bush gives "a kind of effeminate impression" by trying to be "tough when he isn't." Mr. Carter told the Sunday Daily News of Gwinnett County, Georgia, that Mr. Bush, who will probably be made the Republican presidential nominee next month, had a "very serious problem of silliness," which would help the Democratic presidential ticket. "People don't know where he stands or what his position on the issues is," Mr. Carter said of Mr. Bush. "They don't know where he was when decisions were made in the White House that were unpopular." "Bush's effort at trying to improve his image contributes to the silliness problem," Mr. Carter added. "There's a kind of effeminate impression that he gives to the public when he's on television, trying to be tough when he isn't."



Former President Jimmy Carter talking with reporters Sunday in Atlanta as Democratic Party delegates gathered to pick a presidential and vice presidential candidate for the autumn election.

Japanese Prefer the 'Devil You Know'

By Fred Hiatt and Margaret Shapiro
Washington Post Service

TOKYO — Japan's nervousness about a possible Democratic victory in the U.S. presidential election has been heightened with the choice of Senator Lloyd Bentsen of Texas as the probable vice presidential candidate and House approval of a revised trade bill. Japanese opinion leaders are not enthusiastic about either presidential candidate, Vice President George Bush as the Republican candidate or Governor Michael S. Dukakis as the Democratic choice. But many politicians and business leaders believe that the Democrats are more likely to adopt isolationist, protectionist and anti-Japanese policies, while the Republicans offer at least a familiar cast of characters. "You're safer with the devil you know," one observer said, describing the widespread Japanese attitude toward the presidential race. Japan, which depends economically and militarily on the United States, has long followed U.S. policies almost as closely as its own. Now that Japan has become an economic power and chief financier of the U.S. debt, its views of those policies have become increasingly important outside Japan. The preference for a Bush victory has led some economists and traders in Japan to assume that Tokyo has allowed the dollar to rise on the international market party to help the Republicans. "One senior bureaucrat said that 'in the longer run' the dollar will probably begin falling again. Asked if the longer run would begin in November, the bureaucrat laughed and said, 'probably.'" Masao Susaki, senior economist at the Bank of Tokyo, said that Japanese monetarists believe the

dollar fell too fast. But he said officials also have been thinking about "the political side of this," trying to support U.S. Treasury Secretary James A. Baker 3d and the present government. Not all Japanese business leaders believe that a Bush victory would be better for Japan. Some that believe Mr. Dukakis is more likely to resolve what many Japanese leaders view as the chief U.S. problem and most dangerous Reagan-era legacy: the fiscal and trade deficits. Many leaders also believe that whoever wins in November will find that the U.S.-Japan relationship has become too important and too complex to threaten with severe protectionist measures. But most leaders here seem less nervous about Mr. Bush than about Mr. Dukakis, whom they view as inexperienced in foreign affairs and likely to follow his party's lead in pursuing harsher trade sanctions against Japan. Mr. Dukakis also evokes unhappy memories of Jimmy Carter, who Japanese believe

initially pursued a dangerously weak and idealistic foreign policy. "They are a little bit concerned about another small-state governor coming in, not that well-versed in foreign policy and trying again to do something like pulling the troops out of South Korea," a Western diplomat said, referring to Mr. Carter's policy, which was abandoned amid great controversy. Japanese worries about Mr. Dukakis were exacerbated in some quarters last week when he announced Mr. Bentsen as his preferred vice presidential nominee. Some Japanese officials said they were reassured by the choice, since Mr. Bentsen is a conservative insider who can get things done. Mr. Bentsen sponsored the trade bill that was approved overwhelmingly by the House on Wednesday and widely viewed in Tokyo as anti-Japanese and protectionist. Keizo Obuchi, the chief cabinet secretary, called the House action "extremely regrettable."

him a big boost, according to a Chicago Tribune poll released Saturday. United Press International reported. The poll of 1,507 registered voters in California, New York, Texas, Florida and Illinois was conducted by Peter D. Hart Research Associates of Washington, from July 5 to July 9. Fifty percent of those surveyed said they favored Mr. Dukakis, compared with 39 percent for Mr. Bush and 11 percent undecided. Dukakis led in California, New York and Illinois, tied Mr. Bush in Texas and trailed him in Florida. Because the poll was taken before Mr. Dukakis named Mr. Bentsen as his running mate, 194 of the Texas respondents were reinterviewed. In the second poll, 17 percent of those who originally said they supported Mr. Bush switched to the Democrat's side. Campaign Aides Meet On Saturday, Mr. Dukakis's campaign chairman, Paul P. Brountas, met with Mr. Brown in an effort to defuse tension between the camps. The Washington Post reported from Atlanta, both men later said they had made progress and scheduled further discussions. Sources in both camps said that Mr. Jackson's negotiators had set forth his desire for a major role in the election campaign.

DEMOCRATS: As Convention Opens, Party Seems More Unified Than in Many Years

(Continued from Page 1)

is that he also has the party's most loyal constituency." Many Democrats console themselves with the thought that polls show Mr. Dukakis to be an overwhelming favorite over Vice President George Bush among blacks. But Mr. Eizenstat said: "It is too easy to say that blacks have nowhere else to go. There are no easy answers for a party whose consensus has moved to the middle to accommodate the legitimate demands from the left. That is the party's cruel dilemma." Still, it is not just partisan Democrats who believe that the party is in much better shape now than it was in 1984 or 1980. Richard B. Wirhlin, President Reagan's poll-taker, said, "I think you'll see the most united Democratic convention in some time." One reason is the efficient, almost bloodless, way in which Mr. Dukakis dispatched his rivals for the Democratic nomination. Another is the fact that Mr. Dukakis "bridges many of the differences" that divided Democrats earlier in this decade, as his campaign manager, Susan Estrich, put it. "She said that Mr. Dukakis 'shares the values of the Democratic past, but he offers '90s solutions,' not '70s solutions.'" Mr. Dukakis likes to describe himself as someone who is "committed to progressive action but also believes in fiscal responsibility." He has made expansive promises of improved schools and housing, guaranteed access to health insurance and higher education,

and "good jobs with decent wages" for all. But he has backed the promises with few specifics, always noting that the next president will be limited by the deficits he will inherit. Though he comes from the Kennedy's home state, Mr. Dukakis, in his frugality, discipline, intellectuality and dislike for backroom politics, reminds many of Mr. Carter. "Dukakis fits no past Democratic president's model perfectly," said Harry C. McPherson Jr., who served on Lyndon B. Johnson's White House staff. "He's surely not a Hubert Humphrey, not a rhetorical, mainstream liberal out to appropriate money to finance programs to help the needy. He's much more like Carter." Some party activists now say that "Jimmy Carter had a lot of it right," as the political consultant Geoff Garin put it. "He saw there were tough choices," they say. Mr. Garin added that Mr. Carter "had the opportunity to become a very important transitional figure, but he was undermined by events and by the resistance of the institutional party." Coolness to Mr. Carter fueled the Kennedy rebellion of 1980, which is in some respects similar to the Jackson challenge this year. Miss Estrich said that in 1980, while the Carter administration was focusing on inflation, the Kennedy faction was taking demands for jobs programs to the Democratic convention floor. Miss Estrich was Senator Kennedy's platform representative that

year. She says now that she never considered that the internal battle might so weaken Mr. Carter that it would lead to his defeat. But Mr. Reagan won, and across the South he converted so many white voters, including fundamentalist Protestants, that one leg of the Democratic coalition was severely weakened. In 1984, when the Democrats nominated Mr. Mondale and Representative Geraldine A. Ferraro of New York, Mr. Reagan won the votes of two of every three white men, including large majorities among young voters. Mr. Mondale's devastating defeat forced Democrats to acknowledge that their party was in serious trouble. The 1984 loss led to a declaration of war by some of the moderate-conservative elected officials on the interest groups prominent in the Mondale campaign. Senator Nunn, Mr. Robb, Representative Richard A. Gephardt of Missouri and others formed the Democratic Leadership Council to pull the party back to what they called "the mainstream." Members of the council, most of them in the South and the West where the national ticket ran far behind successful state and local candidates, first tried to take control of the party machinery. But they were unable to recruit a strong contender for the Democratic National Committee chairmanship. The post went to Paul G. Kirk Jr., a Boston lawyer and former Kennedy aide. They tried to change the dynamics of the presidential nominating process by creating "Super Tues-

day," a one-day Southern primary big enough to launch a moderate contender to the nomination. That scheme misfired after Senator Albert Gore Jr. of Tennessee, who on March 8 split the Super Tuesday national convention delegates with Mr. Dukakis and Mr. Jackson, proved unable to win outside the South. Nonetheless, many agree with Mr. Robb's assertion that the Democratic Leadership Council and its allies "have moved the party in a more centrist direction" — with help from Mr. Kirk and Mr. Dukakis, two men they opposed. Early in his tenure, Mr. Kirk erased the official status of the Democratic National Committee's homosexual, women's, black and Hispanic caucuses. Then he urged organized labor not to repeat the early endorsement that helped stamp the special-interest label on Mr. Mondale. This year, groups representing labor, teachers and feminists made no endorsement. This self-restraint allowed Mr. Dukakis, who has close ties to these groups, to gain the nomination without being labeled their captive. Mr. Kirk also engineered the drafting of the shortest and least controversial Democratic platform in years. The hopes that infuse Atlanta have been building since 1986, when the Democrats recaptured control of the Senate by winning nine Republican-held seats, four of them in the South. Mr. Dukakis's path has been eased by the ending of some old

quarrels. Civil rights is no longer a divisive issue in the party. Divisions over foreign policy have abated, for reasons summarized by Larry Smith, who was an adviser to Gary Hart during the former Colorado senator's presidential campaign. First, Mr. Smith said, most of the main figures in congressional debates are people who have gone to Washington in this decade, unscarred by the bitter intraparty battles over the Vietnam War. Second, "the Democrats as a group now understand they have to be for something," he said. "For many years, they were good at critiquing weapons, but they never addressed the constitutional charge to 'provide for the common defense.'" Third, he said, the party now agrees on military spending. "Our ability to defend ourselves," he said, "will ultimately depend not on how much we spend but on how well we spend it." And, fourth, Mr. Reagan's "movement on arms control and the Soviet issue has fundamentally changed the political context in which the Democrats work." But there is still a faultline between the Dukakis-Bentsen forces and the Jackson faction on the classic question of domestic policy: how much the federal government should tax some people in order to provide benefits and services to others. These are the issues Mr. Jackson is threatening to take to the convention floor, as Mr. Kennedy did in 1980.

JACKSON: Differences Have Yet to Be Resolved

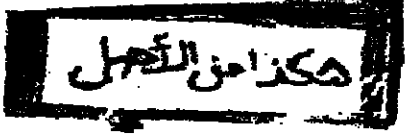
(Continued from Page 1)

chairman. Some Jackson supporters have complained that Mr. Kirk has tried to move the party too far to the right. In Atlanta, former President Jimmy Carter said that Mr. Jackson would hurt himself politically if he made "selfish" and "divisive" demands. But Mr. Carter, speaking on an ABC television program, added, "He's not going to make that kind of mistake." Intense negotiations Sunday Saturday and continued into Sunday to lessen a Jackson threat to undermine the image of party unity Mr. Dukakis wants to present. But Mr. Jackson appeared Sunday to give little ground in his drive for recognition as a central figure in the party and at the convention. "Can that ticket win without the new voters I brought as part of my campaign?" he asked on a CBS television program. "Of course it cannot, and it should not have to — we're all members of the family." "All we're asking for is inclusion," he added. "We're asking for consultation as opposed to being taken for granted. We're asking for shared responsibility." Responding to the call for "shared responsibility," Mr. Dukakis said in Boston: "You can't have two quarterbacks. Every team has to have a quarterback; that's the nominee." Mr. Jackson's name is expected

to be put into nomination Wednesday night along with that of Mr. Dukakis. He said Sunday he had not decided whether to seek the vice presidential nomination. Although contested votes for the presidential nomination are common, they are rare for the vice presidential nomination. Speaking on an NBC television program, Susan Estrich, Mr. Dukakis's campaign manager, said: "It's been our view all along that Reverend Jackson, his supporters and his staff have a vital role to play in the campaign." She said that no Dukakis-Jackson meeting had been set but that one was expected at the convention. Also on NBC, Ronald L. Brown, Mr. Jackson's convention manager, said he was optimistic about the talks with the Dukakis staff. Mr. Jackson said that the Democrats would end up with a unified convention, but that it was too much to expect that they would "debate and deliberate to arrive at decisions and gain a mandate to govern." "That," he said, "is in the best tradition of the Democratic Party."

him a big boost, according to a Chicago Tribune poll released Saturday. United Press International reported. The poll of 1,507 registered voters in California, New York, Texas, Florida and Illinois was conducted by Peter D. Hart Research Associates of Washington, from July 5 to July 9. Fifty percent of those surveyed said they favored Mr. Dukakis, compared with 39 percent for Mr. Bush and 11 percent undecided. Dukakis led in California, New York and Illinois, tied Mr. Bush in Texas and trailed him in Florida. Because the poll was taken before Mr. Dukakis named Mr. Bentsen as his running mate, 194 of the Texas respondents were reinterviewed. In the second poll, 17 percent of those who originally said they supported Mr. Bush switched to the Democrat's side. Campaign Aides Meet On Saturday, Mr. Dukakis's campaign chairman, Paul P. Brountas, met with Mr. Brown in an effort to defuse tension between the camps. The Washington Post reported from Atlanta, both men later said they had made progress and scheduled further discussions. Sources in both camps said that Mr. Jackson's negotiators had set forth his desire for a major role in the election campaign.

Vertical advertisements on the right edge of the page, including 'INTERNATIONAL CAPITAL', 'Developing in Ex', 'The Official Statement Never', and 'Currency'.



INTERNATIONAL CREDIT

Concealed Capital Market Is Developing in Europe

By CARL GEWIRTZ International Herald Tribune PARIS—An important market nearly totally hidden from public view is developing for European companies to increase their capital without altering their real ownership at the expense of their home tax authorities.

The banks in the forefront of this business are said to be Merrill Lynch & Co., J.P. Morgan & Co., Morgan Stanley & Co. and Swiss Bank Corp. Investment Banking.

The stated reason for keeping details confidential is a desire to withhold critical information on how to construct such deals from other banks not yet up to speed.

French bankers said their internal auditors refused to sanction this tax code distortion. But there is also apparent discomfort in exposing for public scrutiny the collusion between the borrowers and their tax authorities needed to make the transactions possible.

The few bankers willing to talk about the subject also expressed concern about how the European Commission might react to the lenient tax treatment if details were readily available.

The common feature to all the transactions is that they are private placements of perpetual notes that are sold to investors for 15 years, but, thanks to financial legerdemain, remain outstanding forever.

The only capital-raising exercise for which details are known is by Rhone-Poulenc SA. Two weeks ago, a joint declaration from the French ministries of finance and industry accorded the state-owned chemical company permission to increase its capital by 5 billion francs through the sale of perpetual capital notes.

THE OFFICIAL statement never mentioned the tax relief, although assurance that the controversial reduction would not be challenged was the only reason the company had to consult the government.

In essence, Rhone-Poulenc will be permitted to deduct as a legitimate "interest" expense the money set aside to repay investors after 15 years. The cash set aside will be invested in U.S. Treasury zero-coupon bonds, meaning that roughly 1.3 billion francs used to buy the zeroes will be worth 5 billion francs at year 15.

Without the tax deduction, the operation could not have gone ahead, as the money saved is the key ingredient that makes this a compellingly cheap way to increase its capital.

French bankers said their internal auditors refused to sanction this distortion of the tax code, which normally does not allow repayment of principal to be taken as a business expense. Sources also reported that none of the major private auditing firms, the so-called Big Eight, were willing to give unqualified approval.

Bankers described the structure of Rhone-Poulenc's offering as "aggressive" and said that other offerings either under way or under consideration were less rapacious.

Speaking about an operation being studied by a British company, a banker said: "It's possible to come up with a different structure from Rhone-Poulenc's where a company can get a tax reduction initially but would subsequently pay some of the tax back."

That would have much less powerful economics, but could still in fact be pretty attractive. Not because the net net tax had been taken out of the system, but because of the time value of money—you get relief today, tomorrow and the next day, but pay back in year 15.

The only companies known to be currently seeking to raise capital through the sale of perpetual 15-year notes are Compagnie Bancaire and Banque Paribas, a unit of the state-owned Thomson. No details have been divulged on the structure of these operations, both arranged by Swiss Bank Corp. Investment Banking, although the technicalities are said to be significantly different from those employed by Rhone-Poulenc.

In the credit market, Chemical Bank last week was named to arrange the sale of \$595 million in senior debt facilities to assist in financing the management buy-out of Reed Manufacturing from the parent company Reed International.

Chemical said that \$400 million would be drawn down to fund the completion of the acquisition. There were no details on the terms, but market rumors had the loan running for eight years at 1 1/2 points over the London interbank offered rate.



Lord Hanson Martin G. Taylor

Britain's Hanson: Unashamed Giant Of the Acquisitors

By Warren Getler International Herald Tribune

LONDON—"We believe we are opportunistic," said Martin G. Taylor, a vice chairman of Hanson PLC, Britain's most acquisitive industrial conglomerate. "Although that's a word often used against us by defending bankers, we tend to think it's rather a compliment."

Simon? Perhaps. But the self-estimation rings true. "The record speaks for itself," said Jeff Putterman, who tracks Hanson for the investment banking firm Drexel Burnham Lambert Inc. in New York.

Indeed, the group's chairman, Lord Hanson, and Sir Gordon White, chairman of the U.S. unit, Hanson Industries Inc., have achieved a kind of cult status as Britain's most eminent takeover artists.

Lord Hanson, 66, and Sir Gordon, 65, have the reputations of being courteous, discreet gentlemen, notwithstanding the terror they often strike in target company boardrooms. Both are more than 6 feet (1.8 meters) tall and in their youths were known to frequent London's leading social haunts.

Hanson Industries, based in Iselin, New Jersey, entered 1988 as one of the top 60 U.S. companies. The parent company has been seeking to raise its profile in the United States, where 15 percent of its shares are held and more than half of its work force is employed.

Canada Expected to Finance Atlantic Oil Project. By John F. Burns New York Times Service TORONTO—Oil industry executives said the Canadian government would announce this week that it planned to provide much of the financing needed to begin a \$5 billion oil project off the coast of Newfoundland.

The plan calls for a huge concrete platform to stand in 300 feet of water (91 meters) in an area known as Iceberg Alley, about 180 miles (290 kilometers) east of St. John's, Newfoundland, in the Atlantic Ocean, the executives said. The site is north of where the Titanic struck an iceberg and sank in 1912.

It would be the first deep-water oil well to be put into production along the eastern coast of North America. At a projected production flow of up to 100,000 barrels a day, the field could add nearly 10 percent to Canada's current production of conventional crude oil.

The project seems certain to attract the scrutiny of safety experts and environmentalists. Its economic viability has been questioned as well. According to industry sources, the consortium of

oil companies involved in the project has calculated the field would be profitable at a world oil price of about \$22 a barrel. The current price is about \$14.50.

While some industry forecasters said they believed that dwindling supplies in the 1990s would push the price up, the consortium was not prepared to proceed with the project without a large infusion of government money.

Industry sources said the decision to proceed would be announced by Marcel Masse, minister of energy, mines and resources, probably on Monday. The project requires the approval of the federal and provincial cabinets. Prime Minister Brian Mulroney's office confirmed that he would be in St. John's on Monday.

The industry sources said Mr. Masse would outline an arrangement under which the government would provide about \$2 billion in grants and loan guarantees to a consortium led by Mobil Oil of Canada, a subsidiary of Mobil Corp.

Chevron Oil, a subsidiary of Chevron Corp., and two of the largest Canadian-owned oil concerns, the state-owned Petro-Canada and Gulf Canada Corp., are also in the consortium. So is a smaller American company, Columbia Gas System Inc.

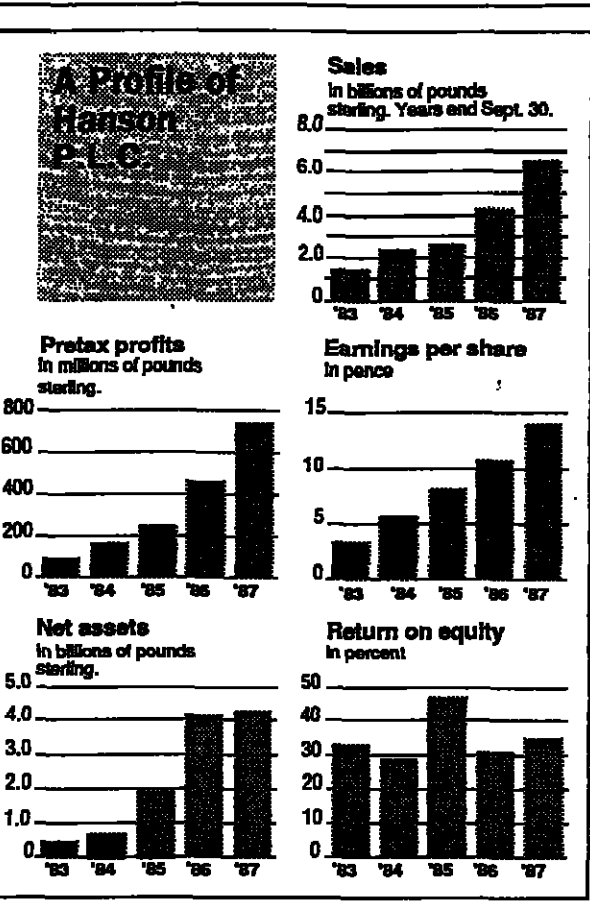
The government decision to proceed with the project is regarded as partly a political one. Newfoundland, with a population of 575,000, has one of the most depressed economies in Canada and an unemployment rate of 15 percent. The oil platform is expected to be built in a shipyard in St. John's, and the several hundred jobs it would create could help the ruling Conservative Party, which must call an election before September 1989.

A Mobil-led consortium discovered the oil field, called Hibernia, in 1979, after exploring in the region for several years. Initial estimates were that the field contained up to 2 billion barrels of oil, but the complex geological structures discovered in further drilling have prompted a downgrading of the estimates to 700 million barrels.

Mr. Masse is expected to announce that full production in the field would be achieved in 1995. However, the recent explosion and fire on a North Sea oil platform operated by Occidental Petroleum Co., in which more than 160 workers died, may lead to safety rules that would delay that plan.

The apparent government decision to approve production at Hibernia comes a month after it bowed to pressure from environmentalists and fishermen and announced a moratorium on oil and gas exploration farther south, in the waters around the Georges Bank, southwest of Nova Scotia.

The Canadian government is to make a start-up grant to the consortium of about 1 billion Canadian dollars (\$820 million), the industry sources said. The government would also provide loan guarantees for an additional 1.5 billion Canadian dollars.



See HANSON, Page 9

G-7 Still Divided Over Policy Use Of Commodities

By Reginald Dale International Herald Tribune

BRUSSELS—Despite publicly endorsing the idea at their Toronto summit last month, the seven leading industrialized nations are still divided over a plan to include gold and other international commodity prices among their barometers of the world economy.

The proposal was launched in September by James A. Baker 3d, the U.S. Treasury secretary, who wants gold to play a prominent role in a new commodity price index that would help guide joint economic decisions by the Group of Seven countries: the United States, Japan, West Germany, France, Britain, Italy and Canada.

Although the seven approved the suggestion in principle in April, senior European financial officials said experts working on the index at the International Monetary Fund still disagreed over the relative weighting of gold and other commodities, notably oil.

Much more important, they said, the seven countries are still far from agreement on the fundamental issue of how the performance of the commodity index and the other indicators they monitor should influence national economic and monetary policies.

"The big question about the commodity index is not how you construct it but what you do with it," a British official said. Should governments, for example, be obliged to alter their interest rates in the light of inflation trends shown by the commodity index?

That essentially political question goes to the heart of the current debate among the seven countries as they grope toward a reform of the international monetary system intended to restore tighter control over exchange rates.

The seven generally agree that joint economic policy management, rather than massive currency intervention, should be used to stabilize their currencies.

But they differ over whether a government should be required to take corrective action if its economy—or its exchange rate—gets out of line with the others or whether such policy coordination should be essentially voluntary.

Basically, said a senior European official, the Europeans do not want to be told what to do by the United States. "There is a question of sovereignty—a feeling that the United States has been bulldozing its trade partners a bit too much," he said.

By contrast, European officials said the precise composition of the commodity index is effectively a technical issue that can be resolved by the time the G-7 ministers meet during the IMF's annual gathering in Washington in September.

Of the three main players, the United States wants to give a greater weight to the index to gold. West Germany wants more emphasis on oil—oil's weight accounted for nearly 50 percent of all trade in basic commodities—and Japan has stayed largely on the sidelines.

But, the officials added, the dispute is no greater than similar arguments over other indicators, such as price indexes, for which experts still disagree, for example, over whether greater weight should be given to wholesale or retail prices.

The answer, said a European official, is simply to leave the index flexible. "There is no reason to give a big weight to oil if the oil price is not causing problems." And a rise in the gold price would be seen as less significant if it was simply the result of a "speculative attack."

The pragmatic solution likely to be adopted is that the IMF experts will report to G-7 ministers the varying results that would emerge from different ways of calculating the index. They would thus be able to compare international price trends according to whether gold or oil were given the greater weight.

"If the index is used to determine how you change your economic policy, it's obviously crucial what you put in it," a European official said. But they differ over whether a government should be required to

OECD Warns Yugoslavia Must Control Price Rises. PARIS—Yugoslavia must reduce runaway inflation to break out of a vicious circle of "stagflation"—a stagnating economy and high inflation—the Organization for Economic Cooperation and Development said in a report for release Monday.

In a survey of the Yugoslav economy, the Paris-based organization said, however, that reform measures taken or proposed over the past 18 months should help promote efficiency by penalizing "economic failure" and improving economic policy instruments.

The report said Yugoslavia faced inflation running at an annual rate of 250 percent before a partial price freeze was imposed last November. The rate has since risen around 90 percent.

But Belgrade said last week it had surged back to 175.5 percent in June, and Prime Minister Branko Mikulic forecast a further deterioration this month.

In May, Mr. Mikulic launched an austerity program that curbed wages, public spending and investment but freed prices and imported goods. He also cut the dinar's value by about 19 percent.

The program should "help in coming to grips with 'the destabilizing anticipation of inflation,'" which OECD economists said they believed had hindered rational decision-making.

The plan links wages, public spending and credit expansion to "targeted rather than actual inflation" and should promote a more competitive environment, which would also help dampen price increases, the report said.

The program is combined with a tighter monetary policy and steps to curb wage increases and public spending until next year.

To improve its payments position and attract convertible currencies, the report said, Belgrade must emphasize export-led growth rather than import substitution, adding, "Yugoslavia is too small a country for even limited self-sufficiency."

Mr. Mikulic said last week that up to two million workers could lose their jobs as a result of austerity measures. (Reuters, AFP)

Currency Rates

Table with columns for Country, D.M., S.F., P.F., L.L., G.M., S.P., S.Y., Yen. Rows include American dollar, British pound, French franc, etc.

Changes in London, Tokyo and Zurich. Rates in other centers. New York closing rates. All rates N.A. are not available.

Other Dollar Values

Table with columns for Country, Par \$, Currency, Par \$, Currency, Par \$, Currency, Par \$, Currency, Par \$, Currency. Rows include Australia, Canada, etc.

Forward Rates

Table with columns for Currency, 30-day, 60-day, 90-day, 120-day, 150-day, 180-day. Rows include British, French, etc.

Sources: Reuters, Bank of America, Bank of Montreal, Bank of Paris, etc.

Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indices, Money Rates, and other market data for July 15 and July 8.

HACHETTE advertisement for shareholders' meeting on June 21, 1988. Includes text about company growth, shareholder benefits, and contact information.

ITO-YOKADO CO., LTD. advertisement for 5% Convertible Debentures due August 31, 1996. Includes details on redemption, conversion, and interest.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 1130. Prices may vary according to market conditions and other factors.

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, and Yld. Includes sub-sections for Australasia, Canada, and Japan.

United Kingdom

Table of United Kingdom bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

United States

Table of United States bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

Supranational

Table of Supranational bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

Non-European

Table of Non-European bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

Mutual Funds

Table of Mutual Funds, including columns for Fund Name, Bid, Ask, and other details.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat, Price, and Yld.

DM Zero Coupons

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DM Zero Coupons

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Advertisement for WestLB (Westdeutsche Landesbank) featuring the slogan 'Fixed Income and Equities Trading - for dealing prices call:' and contact information for various international offices.

Advertisement for Euromarts 'At a Glance' featuring a table of Eurobond Yields and Weekly Sales.

Advertisement for DOLLAR: Trade, including a quote from Steven Blitz of Salomon Brothers Inc. regarding the dollar's value.

Advertisement for WestLB, One of the leading Marketmakers, featuring the Westdeutsche Landesbank logo and contact information.

New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup., Price, Price end week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

Prices Drop As Concerns On Inflation Continue

Compiled by Our Staff From Dispatches NEW YORK — The U.S. bond market posted a small loss last week as inflation concerns overcame the dollar rally generated by a favorable trade report.

U.S. CREDIT MARKETS

Federal Reserve Board chairman. He indicated to the Senate Banking Committee that the Fed was determined to fight inflation.

As long as inflation is rising gradually, Mr. Spill said, the Fed will foster only small increases in short-term rates.

The government said Friday that U.S. merchandise trade gap grew \$634 million in May to \$10.93 billion, which was in line with expectations.

COMMODITIES: G-7 Divided

(Continued from first finance page) But its composition is much less important if it is only another analytical tool in addition to the other economic indicators already used by the seven countries.

The existing indicators include standard economic measurements such as national growth rates, inflation, unemployment, trade and domestic credit figures.

The two major countries with trade surpluses, West Germany and Japan, are particularly opposed to the idea that there should be a "mechanical" link between the indicators and national economic policies.

Germany, especially, fears that it could be forced into adopting policies, to speed up its growth rate for instance, that would be politically unacceptable at home.

World Bank Earned \$1 Billion in Fiscal Year

NEW YORK — The World Bank earned \$1 billion in the year ended June 30, despite a sharp increase in loan-loss provisions and the forgoing of interest on about \$3 billion in loans to eight countries.

HANSON: The Unashamed Giant of Acquirers Doesn't Intend to Stop

(Continued from first finance page) kept the City of London fairly impressed by having achieved compound growth in earnings per share of 25 percent.

Hanson's share price over the past year has underperformed the London market by 25 percent, noted Paul Burke of Kleinwort Grievenko Securities in London.

For any further acquisition to have a positive effect on profits... we're talking about billions of pounds.

Mark Sheppard, London analyst

Mr. Taylor, who joined Hanson PLC from Dow Chemical U.K. in 1969 and became one of two vice chairmen of the group this April, says that Hanson, for the moment, has plenty to "digest" from earlier acquisitions.

Mr. Taylor said he was weary of being told that "the next time Hanson has to bid for ICI, Britain's largest industrial group," first of all, there are many small or mid-sized companies to look at from an add-on point of view.

Treasury Bonds

Table with columns: Maturity, Bid, Ask, Yield, WK. ago yield.

U.S. Consumer Rates

Table with columns: The Equipment Index, Used Buyer's Index, Heavy Market Index, Durable's 7-Day Average, Bank Money Market Accounts, Bank Rate Monthly Index, Home Mortgage, FHLS advance.

that's what any management team must be about — and this generally comes through the bottom line.

He said the group's balance sheet was in good form, with net cash running at £500 million per year after dividends.

What Hanson has done to near perfection is to acquire unwieldy and often poorly managed companies in mature, basic industries at a

opportune time and then to dispose of pieces of those companies at a price that will offset the original cost and leave the core, high-yield businesses under the Hanson umbrella.

Analysts expect Imperial's tobacco earnings to contribute about £180 million to Hanson's profit in the fiscal year ending Sept. 30.

Hanson has recouped more than the acquisition price in two other major takeovers: its January 1986 purchase of the New York-based SCM Corp., the Smith Corona electronic typewriter group, for \$327 million, and its November 1986 purchase of the California-based Kaiser Cement Corp. for \$250 million.

ADVERTISEMENT

CASIO COMPUTER CO., LTD. (CDBA)

The undersigned announces that as from 25th July 1988 at Kees-Associates N.V., Spuistraat 172, Amsterdam, div. ep. n° 27 (accompanied by an Affidavit) of the CDBA Casio Computer Co., Ltd. will register the following shares: 150,000 shares of Dfls. 100.000 net per CDR, repr. 100 shares, and with Dfls. 181.000 net per CDR, repr. 1,000 shares.

AMSTERDAM DEPOSITORY COMPANY N.V. Amsterdam, 7th July, 1988.

together produce an effective \$300 million trading profit.

But doesn't that all add up to asset stripping?

"Absolutely not," Mr. Taylor responded. "We've never sold assets needed in any business. We've sold whole businesses to people who valued them more highly than we do, which is only appropriate."

He said Hanson regarded the U.S. market "as more of a sellers' market than a buyers' at the moment," suggesting that the focus would continue to be on disposals.

"We've got an awful lot to do with Kiddle, and will perhaps dispose as much as a third of it," Mr. Taylor said.

He said, "Kiddle has strong brand names, Jaccuzzi and Universal among them. We have no need to sell, and will sell only if offered a price that is more than we expect to be able to move the business towards over a reasonable amount of time."

Notice

U.S. \$75,000,000 IC Industries Finance Corporation Guaranteed Floating Rate Notes due 1991

By: The Chase Manhattan Bank, National Association, New York, Fiscal Agent

team and that demands that we aren't in business of second-guessing people running business," said Mr. Taylor.

Hanson division managers in Britain have been known to get bonuses equal to 100 percent of salary.

"We've sold whole businesses to people who valued them more highly than we do, which is only appropriate."

son has become too large, analysts worry about what will happen when the two gray-haired commanders, Lord Hanson and Sir Gordon, retire.

"We've got an awful lot to do with Kiddle, and will perhaps dispose as much as a third of it," Mr. Taylor said.

TRANSPACIFIC FUND

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of TRANSPACIFIC FUND will be held at its registered office, 14 Rue Aldringen, Luxembourg, on Tuesday, July 26th, 1988 at 11:00 a.m. to discuss and vote upon the following agenda:

1. The report of the Board of Directors for the financial period ended 31st of March 1988; 2. The report of the auditor; 3. The accounts for the financial period ended 31st March 1988;

— BANQUE DE NEUFVILLE, SCHUMBERGER, MALLET 3, Avenue Hoche, Paris 8^e; — ALGERIENNE BANK NEDERLAND N.V. 32, Vrijheidsweg, Amsterdam;

Jarden Morgan Europe

The Directors of Jarden Morgan Europe have announced a Net Group Operating Profit after tax of US\$ 7.7 million for the period from date of incorporation 8th May 1987 to 31st March 1988.

Financial Highlights table with columns: Group Net Profit after tax (\$ millions), Earnings Per Share (Cents), Net Asset Backing Per Share (\$), Shareholders' Funds (\$ millions), Total Assets (\$ millions), Dividend per Share (Cents).

For further information and copies of the Report and Accounts please contact: Wayne V Reid, Jarden Morgan Europe (UK) Ltd, 1-11 Hay Hill, London W1X 7LF Telephone: 01-493 3003

DOLLAR: Trade Report a Green Signal for Currency

(Continued from Page 1) compared with the dollar's advance against the mark. But if the dollar were to pierce 137 yen, Mr. Kessler said it could then soar, possibly as high as 152 yen.

The only really skeptical note among technical analysts was struck by Steven Blitz of Salomon Brothers Inc. He remained "a bit dubious" that the dollar had made a "fundamental turn" from the record lows set early this year of 1.5816 DM and 121.15 yen.

"I think the real test is going to occur over the coming weeks, when we should see a bit of a dollar pullback," he said. "I expect very strong resistance at 1.90 DM that could push the dollar all the way back to 1.80 DM."

In terms of resistance, the critical level against the yen is 136-137, and in terms of support, 130 yen.

Asked why his numbers were so rounded when others cited to four decimal places, Mr. Blitz said: "Look, this isn't rocket science, O.K.? I could come up with a number of 10 decimals, but you probably wouldn't believe it. What's important is the benchmark neighborhood where we could see very good selling pressure."

"The charts now tell me I should be long [buying] the dollar against these two currencies. The charts also tell me that this trend is getting to levels, not only in terms of absolute levels but also in terms of momentum and other types of technical indicators, where the rally is starting to lose a little steam."

think will determine whether or not that is the situation? Why the pullback? "Because markets do not move in straight line forever, you tend to get periods of at least plateaus, if not get periods of it at least human nature. People who have long dollars earned good profits. Why not take some profits and see what happens?"

"That's what all the momentum statistics are saying — that people are just not coming into the market with the same momentum as before."

Intervention would be more effective if the administration signaled a desire to stop the dollar's rise.

fore. You can see that in the price action: It's going up, but not with the same oomph."

The key test during any pullback, Mr. Blitz said, is whether the retreat takes the dollar below 1.80 DM or 130 yen. A deeper fall would change the shape of the graphs, making a design that charts would consider ominous.

For Mr. Crane, the breakpoints are 129.60 yen and 1.8100 DM. If the dollar were to fall to closing rates below those, the market would "go into a totally new technical environment," he said.

spike, that there really are some downright dollar buyers." Sargent put for a falling dollar "has not been tested yet," Mr. Blitz said, adding, "that's what I want to see tested."

"Looking at monthly charts, the market appears to have turned the corner. But the daily and weekly charts say we are nearing some sort of sell-off, and I want to see quality of support during that sell-off. If I see high-quality support at good levels, then I become more confident that what appears to be a turn in the dollar is indeed a turn. Right now, it's a bit too soon to tell."

Sargent whether the concerted official intervention changed anything, Mr. Blitz said that "from a technical perspective I could care less about central banks — they can only push the dollar in a direction it wants to be pushed. We have had a tremendous rally in the dollar, and the market is tired. The technicals tell you the market's very susceptible to a sell-off. As a consequence, strong central bank selling will be very successful here in driving the dollar down."

Analysts said official intervention would be more effective if the Reagan administration signaled its desire to stop the dollar's rise.

"When the Fed intervenes," said Lawrence Kreicher, a Merrill Lynch & Co. economist, "we don't know if it's intervening for itself, for the Treasury or executing an order from foreign central banks."

"You can't read what the administration wants from what the Fed is doing. Up to now, the administration has been silent, validating the dollar's increase."

As for the Eurobond market, Morgan Guaranty Trust Co. of New York's syndicate manager, Joe McHale, said that "it scored a nine on the Richter scale of boredom" last week. Uncertainty about the trade report and its impact on the dollar as well as anticipated increased interest rates sidelined participants not already on vacation.

Alfred H. Kingon, U.S. ambassador to the European Community, said the next step in the economic coordination process should perhaps be to find "a better measuring device," a universal standard to determine when currencies were "weaving off the mark."

The reference device need not be gold, he said. But the adoption of the commodity price index could be a "small but very significant step forward in this convergence process."

If a country's currency was shown to be moving away from its predicted course, the government concerned would take steps to correct the deviation by economic policy actions, such as reducing taxes or balancing its budget, Mr. Kingon said. But there would be no "peep zones for exchange rates, backed by massive intervention."

European officials, on the other hand, insist that the commodity index must not be used as a yardstick for currency values and that economic policy changes should be brought about only by "peer pressure," not automatically.

Nevertheless, a senior European official said the policy coordination process now under way "can be seen as surveillance in the making, going beyond peer pressure."

Citicorp Move May Signal Tarnished Gilt Market

LONDON—A decision by Citicorp to end its market-making operations in British government bonds may lead to a shakeout among primary dealers in the securities, analysts and traders said.

NASDAQ National Market

Table with columns: Sales in 100s, High, Low, Close, Net Change, and a list of stock symbols like ABCD, EFGH, IJKL.

Chicago Exchange Options

Table with columns: Option & price, Calls, Puts, and a list of stock symbols.

But for others, Citicorp's withdrawal was seen as a sign that foreign-based, and particularly U.S.-based, firms may have difficulty justifying their commitments as primary dealers in London.

Amsterdam

After a midweek fall, prices on the Amsterdam Stock Exchange recovered with the ANP-CBS general index closing at 266.6, off just 2.9 points from the previous Friday.

Frankfurt

Stocks declined for the first three trading days, then recovered somewhat Thursday and Friday, with the Commerzbank index closing at 1,494.8 points, off from 1,507.3 the week earlier.

Hong Kong

Trading was sluggish as investors awaited the U.S. trade figures, released after the close Friday.

Paris

Bourse prices fell markedly in a holiday-shortened week on fears the U.S. economy was overheating and generally higher world interest rates.

WORLD STOCKS IN REVIEW / Via Agence France-Press

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London

A particularly dull week saw the Financial Times 100-share index decline 15.7 points to 1,861.5. The week began on a bullish note with the Nikkei gaining 68.91 yen Monday and 113.85 on Tuesday...

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Bourse prices fell markedly in a holiday-shortened week on fears the U.S. economy was overheating and generally higher world interest rates.

But it fell back 170.29 yen Friday as many investors retreated to the sidelines ahead of the announcement of the U.S. trade figures.

Zurich

Stocks dipped slightly for the week, with the Credit Suisse index finishing at 471.1, off from 475.0.

Wall Street Review

Summary table with columns: NYSE Most Actives, AMEX Most Actives, NYSE Sales, AMEX Sales, NYSE Dividends, AMEX Dividends.

American Exchange Options

Table with columns: Option & price, Calls, Puts, and a list of stock symbols.

ESORTS & GUIDES

INTERNATIONAL CLASSIFIED (Continued from Back Page) - Lists various travel and escort services across different cities like Zurich, London, Paris, etc.

MONDAY SPORTS

Mod Couples: Naughty, Nice

By Peter Alfano
New York Times Service
NEW YORK — Passt. Have you heard?
Mark and Brigitte are splitville, just like the Boss and Julianne. Gastineau and Nielsen seemed so right for each other too, a hunk and a hunkette, pumping iron till death do us part. It lasted six months.
And surely you've heard about Wade Boggs. He is being sued for \$6 million for breach of contract by a woman who says she was his constant companion on road trips. Boggs, who is married, admitted to having an affair with Margo Adams, whom his agent now accuses of "prostitution and extortion."
Not at all by the way, superstar Wayne Gretzky got married Saturday. There were perhaps a half-dozen people in North America who did not attend. Gretzky and actress Janet Jones are hockey's version of Charles and Diana.
And did you think that you would see the day when Robin Givens and Madonna had something in common? Both, it seems, married pugilists. The difference is that Mike Tyson gets paid to fight; Sean Penn gets arrested. Sports is not immune from the

issues confronting the real world, as player strikes, racial tension and drug problems amply show. But whatever happened to the all-American boy who married the homecoming queen and settled in suburbia, with two children and a dog named Slam Dunk?
Sure, there has always been a glamorous side to sports. Joe DiMaggio married Marilyn Monroe, and that's as glamorous as it gets. For the most part, though, wives of professional athletes were rarely seen or heard.
Although that may still be the rule, there now are enough exceptions to place athletes on equal footing with rock stars and actors in the celebrity pecking order. People magazine recently featured Tyson and Givens on the cover in a romantic pose, while reports about Bruce Springsteen's separation from his wife, actress Julianne Phillips, played second fiddle.
Mark Gastineau's brief fling with Brigitte Nielsen — Sylvester Stallone's former wife — introduced the New York Jet defense end to a new audience, making him a fixture on the gossip pages.
Darryl Strawberry's marital problems were front-page news for some papers. Keith Hernandez talked openly about his di-

vorce, which was especially acrimonious.
Some details of Chris Evert's marriage, separation, reconciliation and divorce from John Lloyd were better known than her results on the tennis court.
There are other high-profile marriages and relationships as well. Jimmy Connors's wife, Patricia, posed in the nude for a reputable magazine, as did Gretzky's fiancée, John McEnroe and Tatam O'Neal are not exactly the low-key couple of the month.
Then, there are Nancy Lopez and Ray Knight, and Robert Seguso and Carling Bassett, marriages of athletes.
Ron Darling's wife is a cover girl model and Rex Kuger, the quiet New York Ranger defenseman, is married to Carol Alt, a top model whose picture has probably been in Sports Illustrated more often than her husband's.
Exposure and big money have made sports figures part of the jet set, their lives like open books.
Television also has brought athletes into our homes on a regular basis. It used to be that the only way to see DiMaggio or Babe Ruth or Willie Mays was to go to the ballpark. As more and more women become interested in sports, the recognition factor of an athlete increases accordingly. They will tend to be portrayed more as sex objects, too.
What's more, athletes are no longer put on pedestals by the news media. In the good old days when salaries were low and many athletes worked during the off season, sportswriters were more inclined to be protective. These were role models.
Ironically, Jim Bouton, the former New York Yankee pitcher, probably had more to do with the ending of that era than did any sportswriter. Bouton's book "Ball Four" was a behind-the-scenes look at the world of a pro athlete. Bouton was ostracized for writing a book that would be labeled a kiss-and-tell book today, but that was intended to be a boys-will-be-boys account of life on the road.
The material in "Ball Four" is mild compared to what has been written since and what now appears in newspapers almost daily.
It is not a perfect world, even for role models. And as those with inquiring minds already know, that news is no longer confined to just the sports pages.

Sisters-in-Law Set World Track Marks at U.S. Trials

Compiled by Our Staff From Dispatches
INDIANAPOLIS — In less than an hour Saturday, Jackie Joyner-Kersey and her sister-in-law, Florence Griffith Joyner, smashed world records at the U.S. Olympic track and field trials.

For the third time in 24 months, Joyner-Kersey broke the world record for the heptathlon. She did it despite a gashed hand.
In the second of four rounds of the women's 100-meter dash, the 28-year-old Griffith Joyner won her quarterfinal in 10.49 seconds. She won by almost four meters (4.3

yards) as she bettered Evelyn Ashford's 1984 world record of 10.76 seconds by a whopping 27-hundredths of a second.
The reading from the anemometer, the gauge that reads the following wind, was reported at 0.0, which meant the record was legal. Flags flying above the scoreboard were waving briskly, however, and a triple jump at almost the same time showed an excessive following wind. But officials said it was a crosswind that did not affect the time; representatives of wind-measuring device said it was tested after the race and found to be working properly.
Griffith Joyner won her first 100-meter heat in 10.60, but it could not be considered for a record because she had an aiding wind of 2.2 meters a second, or 7.15 miles an hour. For record purposes, the limit is 2 meters a second.
Ashford won her heat comfortably in 11.01 seconds, wind-aided.
The 26-year-old Joyner-Kersey, coached by her husband, Bob Kersee, is a world-class athlete in the long jump and the 100-meter hurdles, and she is close to that level in other events.



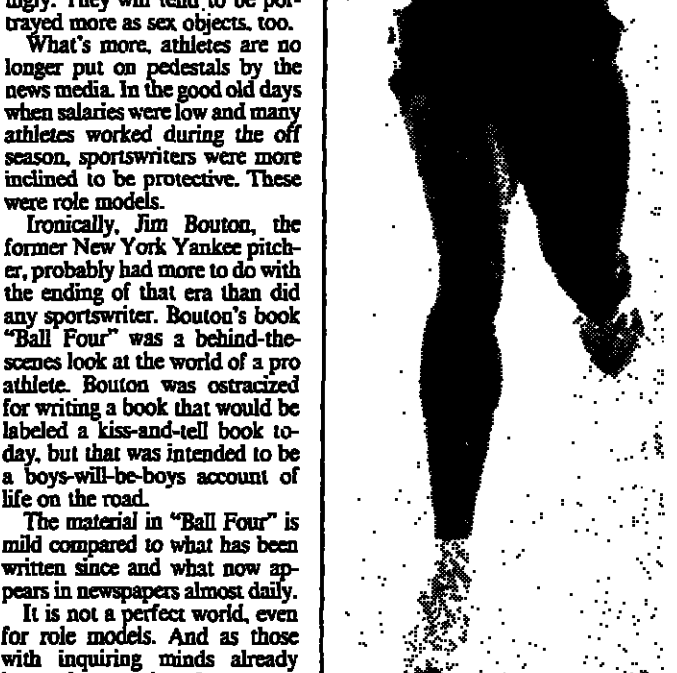
Jackie Joyner-Kersey

Australia Holds New Zealand, 19-19, in 2d Rugby Test

James Grant cut inside New Zealand's Joe Stanley for the second of Australia's two tries Saturday in Brisbane; Ian Williams and the underdog Wallabies had a 16-6 lead at halftime — after losing the first test, 32-7, on July 3 in Sydney. But the All Blacks surged back to force a 19-19 draw. After a try for Michael Jones and Grant Fox's conversion in the first half, Terry Wright scored, Fox converted and kicked a penalty goal, and John Kirwan tallied a try after Leeds's third penalty. Fox muffed the crucial conversion, so the third test, in Sydney on July 30, will decide the series.
The men's 20-kilometer walk, a sojourn mostly on adjoining streets, began at 9 A.M. It was cruel because the temperature was 82 degrees Fahrenheit (27.7 degrees centigrade) and the humidity was 85 percent.
Joyner-Kersey's younger brother, Al, the 1984 Olympic triple-jump champion who is married to Flo-



Wayne and Janet: A thumbs-up wink after Saturday's ceremony.



Jackie Joyner-Kersey

ACROSS

- Collar
- Mud hen
- Sinai gulch
- Soviet Baltic port
- Flow against
- Muffles
- Glacial ridges
- Scintilla
- Abominates
- Zachary Taylor was one
- Left on assignment
- Cruise ships
- Expensive
- one (onset)
- Craft
- Enter port
- Fit
- Verdi opus
- of a gun
- W.V. 11 song
- Above a whisper
- Don Juan's mother
- The scoop
- Steamer
- Genetic duplicate
- Boat or begin
- Comic Piscopo
- Clair or Lacoste
- Coming up
- Capsize
- Nagy of ballet
- Put the kibosh on
- Brick or stock follower
- Canceled, to NASA
- trump (bridge bid)
- Novelist
- Ferber
- Waste allowance
- Mae — (life jackets)
- Noticed
- Rest on one's

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW	NORTH AMERICA	HIGH	LOW
Algeria	23	17	Bangkok	30	25	Anchorage	43	43
Austria	22	16	Beijing	30	25	Boston	57	57
Berlin	21	15	Hong Kong	31	26	Chicago	57	57
Bombay	29	24	London	21	16	Dallas	57	57
Buenos Aires	24	19	New Delhi	31	26	Detroit	57	57
Calcutta	29	24	Seoul	29	24	Houston	57	57
Cairo	29	24	Shanghai	29	24	Los Angeles	57	57
Canton	29	24	Singapore	31	26	Miami	57	57
Chengde	29	24	Tokyo	29	24	Memphis	57	57
Chongqing	29	24	Yokohama	29	24	Minneapolis	57	57
Chongshu	29	24				Phoenix	57	57
Chongshu	29	24				Portland	57	57
Chongshu	29	24				San Francisco	57	57
Chongshu	29	24				Seattle	57	57
Chongshu	29	24				St. Louis	57	57
Chongshu	29	24				Tampa	57	57
Chongshu	29	24				Washington	57	57
Chongshu	29	24				Wichita	57	57
Chongshu	29	24						

DENNIS THE MENACE

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

APANG
TACHY
PROCE
RETHEN

Print answer here: THE

PEANUTS

BLONDIE

BEETLE BAILEY

ANDY CAPP

WIZARD of ID

REX MORGAN

DOONESBURY

GARFIELD

MAST CSA CPAS

1 Guttural warning poet

2 Hindu sage or poet

3 On the other hand

4 Interrupted rudely

5 Chic

6 Swearing-in statement

7 Egg-shaped sacred vase

8 Hold fast

9 Printer's spacing unit

DOWN

11 Voice in a choir

12 — cheese

13 C.E.O.'s subordinate

22 — the way (casual)

24 Emulated

25 Steve Scott

26 Attacked

29 Chinese: Prefix

30 Churchill's successor in 1955

31 Take it easy

32 Bucket

33 Annapolis inst.

34 Bean curd

35 — in (tuckered out)

36 Scarf or snake

37 Abner's sidekick (jackets)

40 Longed

44 Pro's antithesis

46 Doctrines

47 Amman's land

49 "The Highwayman" poet

50 Sidestep

52 City east of Lisbon

53 Hoopster

54 Speed measures asea

55 Be sure

56 Part of a — title

57 Former mates

58 Penitence period

59 Greenland aerie builder

SCOREBOARD

Friday's and Saturday's Major League Standings

Team	W	L	Pct.
AL East	47	47	.500
AL West	47	47	.500
NL East	47	47	.500
NL West	47	47	.500

Arabic text at the bottom of the page, likely a page number or publication information.

MONDAY SPORTS

Price Extends Lead to 2 In a Rainy British Open

The Associated Press
LYTHAM, England — Nick Price used solid iron play and picking to increase his lead to two strokes after Sunday's third round of the weather-delayed British Open golf tournament.



Leader Nick Price of Zimbabwe: Solid iron play and putting.

Viola Gets His 15th Victory As Twins Defeat Orioles, 7-2

The Associated Press
BALTIMORE — Frank Viola won his American League-leading 15th game, allowing five hits in five innings on a muggy Sunday as the Minnesota Twins defeated the Baltimore Orioles 7-2.

SUNDAY BASEBALL

Gagne and Kirby Puckett and a solo homer by Gene Larkin. Greg Maddux of the Chicago Cubs is the only other pitcher in the major leagues to win 15 games this season.

Red Sox 10, Royals 6

In Boston, Bill Burke drove in five runs with a home run, a triple and a double as the Red Sox completed their first-ever four-game series sweep of Kansas City.

Yankees 7, White Sox 3

In New York, Ron Gaudy pitched one-hit ball for five innings for his first victory since Sept. 5 and Don Mattingly continued his second-half surge with two hits for the Yankees.

Reds 3, Expos 1

In Cincinnati, Mike McWilliams' two-run double and pitcher Doug Drabek's two-run triple highlighted a six-run third as the Pirates breezed to their eighth straight victory.

Phillies 10, Astros 4

In Philadelphia, Mike Schmidt's three-run triple sparked a five-run sixth inning and Ricky Jordan homered in his first official major league at-bat to lead the Phillies over Houston.

Patres 3, Cardinals 1

In St. Louis, Eric Show pitched a five-hitter, striking out six and walking one, as San Diego won his third of four games with the Cardinals.

Mets 4, Braves 2

In Atlanta, Bob Ojeda allowed five hits in his two-run pinning homer in the eighth to help the Pirates extend their winning streak to nine games.

Phillies 10, Astros 4

In Philadelphia, Phil Bradley doubled in the tie-breaking run in the sixth and Chris Jentles hit a grand slam homer as the Phillies ended a four-game losing streak.

Red Sox 7, Royals 6

In the American League, in Boston, Dwight Evans hit a two-run homer in the eighth to tie the score and Kevin Ronnie led off the ninth with his first major-league home run as the Red Sox rallied from a six-run deficit to nip Kansas City.

Tigers 10, Angels 1

In Anaheim, California, Jeff Robinson allowed four hits over eight innings and Matt Nokes and Gary Pettis homered to spark a five-run fifth.

Athletics 4, Blue Jays 1

In Oakland, California, Storm Davis threw a six-hitter through seven innings and Jose Canseco drove in three runs to lead the Athletics.

White Sox 7, Yankees 4

In New York, Fred Manrique had three RBIs and Steve Lyons two as Chicago held on to defeat the Yankees.

Twins 4, Orioles 3

In Baltimore, home runs by Kirby Puckett, Greg Gagne and Gary Gaetti paced Minnesota.

Brewers 4, Rangers 3

In Arlington, Texas, Robin Yount's homer and RBI single boosted Milwaukee to its sixth straight victory.

Indians 8, Mariners 2

In Seattle, Joe Carter and Ron Washington each drove in three runs and Bud Black threw a five-hitter as Cleveland snapped a six-game losing streak.

SCOREBOARD

BASEBALL

Friday's and Saturday's Major League Line Scores

Table with columns for American League and National League, listing teams, scores, and key players.

Major League Standings

Table showing league standings for American League and National League.

GOLF

British Open: Third Round

Table listing golfers and their scores in the third round of the British Open.

TENNIS

Men's Tournaments (US Open)

Table listing tennis players and their match results.

TRANSITION

BASEBALL
BOSTON—Signed Larry Parrish, designated hitter.

CYCLING

Tour de France

FOURTEENTH STAGE (Bilmaur to Guez Neige) (152.0 kilometers/94 miles)

The Tour's Sweepers: Two Men on a Delicate Mission

By Samuel Abt
International Herald Tribune
GUZET NEIGE, France — Driving in the Pyrenees early Sunday afternoon, Philippe Pietrowski heard on the Tour de France's internal radio that two riders had fallen far behind.

ROOSEVELT RACEWAY ENDS 48-YEAR RUN

The Associated Press
MINEOLA, N.Y. — Roosevelt Raceway's ownership announced last Friday that the harness track is ceasing operations, saying it is near bankruptcy because of poor attendance and competition from Off-Track Betting and the Meadowlands in New Jersey.

SOCCER

FRENCH FIRST DIVISION

Table listing soccer players and their match results.

FOOTBALL

Edmonton Placed Damon Allen

Edmonton Placed Damon Allen, quarterback, on the injured list.

BASKETBALL

Houston Released World B. Free

Houston Released World B. Free, forward, to the Dallas Mavericks.

COLLEGE

Arkansas Named Jerry Moore

Arkansas Named Jerry Moore, assistant football coach.

U.S. Trials advertisement featuring a woman's portrait and text.

BETTER STILL advertisement for Igor Polyansky's world record in the 100-meter backstroke.

LANGUAGE

The Thrill of Coining a Phrase

By William Safire
WASHINGTON — The greatest thrill a man can experience, Winston Churchill was reported to have said, is to be shot at and missed.

use of alliteration since Warren Harding's not nostrums but normal.

Other modern alliterators are here at the Nixon table. The sign across my chest is nattering nabobs of negativism, a blast at pessimists coined for Spiro Agnew to parallel Adlai Stevenson's prophets of gloom and doom.

For a writer, the big thrill is to coin a word or phrase that fills a linguistic void and becomes part of the history of the era.

In this century, newspaper columnists have made great contributions to phrasemaking. In the Coing Hall of Fame, we find Arthur Krock's government by crony (which The New York Times pundit gave to Interior Secretary Harold Ickes); Herbert Swope's cold war (which he gave to Bernard Baruch, and Walter Lippmann then tried to steal it from him); Stewart Alsop's egghead, in collaboration with Charles Bartlett, hawks and doves; Joseph Kraft's Middle American, and Joseph Alsop's Southern strategy.

Speechwriters have a ghostly place in this pantheon. The other day, a picture appeared in The New York Times of Theodore Sorensen, working on the Democratic platform under the light of a tilted lampshade in a lonely hotel room. Though he steadfastly rejects the credit, his was the hand that penned New Frontier and Ich bin ein Berliner; he was trying to cook up a ringing phrase for this year's no-offense platform that the candidate can make his own? Of course he was.

At meetings of the Judson Weliver Society, the club of presidential ghosties, I see — in my mind's eye — great phrases hung around the necks of the members.

See, in the corner, there is Richard Goodwin, identified with Lyndon Johnson's Great Society. Nobody can find the Reaganian with the sign for truly needy, but there is Tony Dolan, the unadmitted author of Ronald Reagan's most memorable phrase, evil empire; that speechwriter's now-rejected Reaganism was the most resounding

speech he'd crossed it out, I slipped it back into the reading copy. Workfare, the word, came and went as welfare reform, the program (called later by rural liberals "Nixon's Good Deed"), was rejected by a Democratic Congress. But in the intervening years, with no push from me or anybody taking up its sponsorship, the rejected word puffed determinedly uphill like the Little Engine That Could.

In 1977, "Governor Michael S. Dukakis of Massachusetts predicted success," wrote The Associated Press. "For a workfare program he unveiled... aimed at putting welfare fathers on the public payroll." In 1980, under a headline reading "Making 'Workfare' Work," The New York Times hailed a Connecticut plan for the tough workfare "bill." The little engine word was scorned by the big dictionaries, but it kept puffing up the linguistic hill.

Today, with the passage of Senator Moynihan's long-overdue bill giving a work theme to the new welfare, workfare, the word, is rolling merrily along. The unexpectedly sturdy new noun has even been used in a compound adjective in Britain: "Lord Young, the employment secretary," wrote The Financial Times, "last night issued a statement saying he had no plans to introduce a workfare-type program in the United Kingdom."

This ugly duckling of a neologism, derided at launch, neglected by word mavens — has passed the 2,000-citations mark, and it is just about every new dictionary's own.

When it was included in the final volume of the Supplement to the Oxford English Dictionary, I learned that the coiner was someone else. The July 1968 issue of Harper's Magazine had a piece about Charles Evers, a Mississippi congressional candidate, that included this line: "One of Evers' programs is what he calls workfare; he has said that everybody ought to work for what he gets."

That's all right; I may not have been the first to use the word, but I had a hand in its nationwide launch and feel a stepfather's pride. There goes workfare, chugging down the hill, puffing "I-filled-a-void, I-filled-a-void," and as much a part of today's language as the ancient word it was bottomed on.

New York Times Service

Italian Space For American Postwar Art

International Herald Tribune
VARESE, Italy — Over some 30 years, Count Giuseppe Panza di Biumo, a Milanese real estate dealer, has scrupulously built one of the most respected collections of postwar American art. A fraction of the 700-piece collection is in Panza's weekend house, an 18th-century villa in Varese, an hour from Milan, and 80 works bought between 1956 and 1963 are now in the Museum of Contemporary Art in Los Angeles.



Count Giuseppe Panza di Biumo seated amid some of his collection of postwar American art.

law forbids him from selling more than a quarter of his estate. The solution would be a gift or a long-term loan to an Italian institution, but as the newspaper La Repubblica puts it, the answer has been grazie, no.

Panza made his first visit to the United States in 1953, when Milan was still scarred by wartime bombings and Europe's recovery was just under way. "I had the feeling that something beautiful and interesting was happening in America," he says, "it was a country free and open to the future."

The first paintings Panza had bought were done by the Frenchman Jean Fautrier between 1943 and 1947 and included his painful "Hostage" series of 1943-44, which represented life broken by the Germans. The first American work he bought were Franz Kline paintings that struck him for their energy and largesse of gesture. "The experience of these paintings is like looking at the city of New York when we arrive from Europe," he says.

Panza's collection is particularly strong on Rothkos and Rauschenbergs and on Pop artists with the exception of Andy Warhol, whose best period he missed. He lost the chance to buy three Pollocks in 1956 and he regrets that he owns no Frank Stellas or Barnett Newmans.

"It was possible to buy a beautiful Newman from him for \$6,000 but in 1960 I was buying Rauschenberg for \$1,000 and I had \$1,000 and not six.

"I never was a very rich man — just enough to make a good collection and not spend a large amount of money. The first Kline cost \$500. Now \$500 you can't buy art today. But still it is possible to make a beautiful collection without too much money." He says he went through a 12-year period during which he did not

collect because he was short of money. Perhaps Panza's greatest originality as a collector has been his creation at Varese of settings for works by Bruce Nauman, Sol LeWitt, Robert Rauschenberg, and Dan Flavin and James Turrell. Flavin's fluorescent light bulbs are internationally exhibited, but usually on walls with other works. Panza has given six rooms to uninterrupted Flavin and the result is magic. Even more extraordinary are the rooms by Turrell, a California artist who works entirely in light and who — although well-respected and the subject of a 1980 show at the Whitney — is in no permanent collection other than Panza's because of the space his rooms require.

Panza has six Turrell rooms, formerly carriage spaces in the Varese villa, which measure about 19 by 12 meters each (about 60 by 40 feet). Turrell has for several years been reshaping a crater in Arizona, a project that Panza has backed by buying blueprints of future works and of which he has said, "The Roden Crater project is one of the few things that must be made, to prove that the light in the human mind is not gone."

Panza as a collector has the right doses of boldness and method. He says he and his wife try not to make mistakes, that they study hard before buying. "We try to buy only the best works of the best artists," he says, but this is a statement that could have been made by any buyer from Lorenzo the Magnificent to the greenest collector of still damp Uffizios.

What he also has is attentiveness to detail and, in his bland, shy way, passion. The point of collecting, he says, is to enter into a permanent relationship with the artist. He doesn't sell what he has bought and he still believes in artists who have not reached the top.

"The moving factor is love," he says. "It is not a question of possession because I would rather see my collection in a museum than in a storage room here in my house in Varese." Nor has fame been the spur. "People who buy to make a reputation make a lot of mistakes because they follow the market and the market for contemporary art is crazy. Most of the artists who have the highest prices are artists who will disappear in twenty years."

Private collections remain necessary, Panza says, even in days when public museums are richly endowed. "Public administrations are unable to collect contemporary art because they must be democratic — they have to buy many artists and good art is made by few artists. Museums in general are not good collectors of contemporary art, even in America where there are no political pressures." Any museum that acquires

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Table with financial data: Dow Jones, The Dollar, Gold, Silver, etc.